Notes to the financial statements

for the year ended 31 March (continued)

1 Accounting policies

Deneb Investments Limited (the company) is a company domiciled in South Africa. The consolidated financial statements of the company for the year ended 31 March 2015 and comparative figures for the year ended 31 March 2014 comprise the company and its subsidiaries (together referred to as the Group). The company's registered office is on the 5th Floor, Deneb House, 368 Main Road, Observatory, 7925, Cape Town.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and International Financial Reporting Interpretations Committee (IFRICs), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the South African Companies Act.

Background

The Group was established during the current reporting period where Deneb acquired the property, branded product distribution, textiles manufacturing and industrial manufacturing businesses from Seardel Investment Corporation Limited (Seardel) through an internal reorganisation that occurred on 1 October 2014. Deneb unbundled from Seardel on 1 December 2014 and listed on the JSE Limited (JSE) under the Financial Services – Speciality Finance sector.

Although the Group was only established in the current reporting period, the comparative period information has been presented as if the internal reorganisation occurred before the start of the earliest period presented. This was done to reflect that the entities within this Group were in existence in the comparative period, albeit held directly by Seardel. The comparatives presented were audited. Refer to "Basis of Preparation" for further information.

Basis of preparation

The consolidated financial statements are presented in South African Rand, which is the company's functional currency, rounded to the nearest thousand.

They have been prepared on the going concern and historical cost bases under IFRS, except for those assets and liabilities which are stated at fair value as disclosed in the notes to the financial statements.

The Group has consistently applied the accounting policies set out here to all periods presented in these consolidated financial statements.

The internal reorganisation of the Group represents a common control transaction as Hosken Consolidated Investment Limited (HCI) is the ultimate controlling entity before and after the transaction. Common control transactions fall outside the scope of IFRS 3 and IFRIC 17, and are not specifically addressed in IFRS. Deneb has therefore chosen the book value accounting policy, in accounting for the transaction, using the hierarchy for the selection of accounting policies allowed in IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). This accounting policy choice will be applied consistently to all transactions of a similar nature.

Book value accounting and comparatives

The book value accounting method requires the assets acquired and the liabilities assumed through the internal reorganisation to be accounted for using the book values within the financial statements of the transferor (Seardel). The comparatives presented were audited. Refer to note 32 for further details on the comparatives presented.

As the Group was established in the current reporting period it did not prepare separate financial statements in accordance with IFRS for the periods up to and including 30 September 2014. The book value accounting method allows for comparative information to be presented as if the common control transaction had taken place at the start of the first reporting period presented in the set of consolidated financial statements. Accordingly, the comparative figures were prepared on a carve-out basis by extracting the historical assets, liabilities, revenues and expenses reflected in the consolidated financial statements of Seardel.

Common control reserve

IFRS 3 excludes from its scope business combinations between entities under common control. As included on page 47 the Group has therefore made the policy choice to apply book value accounting.

The principles of book value accounting are that no assets or liabilities are restated to their fair values. The Group incorporates the transferor's carrying values.

The transaction is not seen as a change of control from the date of the reorganisation, therefore no goodwill beyond that recorded by Seardel in relation to the acquiree can arise.

The result is that the difference between the consideration paid and the capital of the acquirer is recognised in the equity under a common control reserve.

Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The assumptions and estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving information about significant areas of estimation, uncertainty and critical judgements are given in note 2, Use of judgements and estimates.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The accounting policies of subsidiaries have been changed, where necessary, to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future services.

Goodwill and bargain purchase

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. Goodwill is subsequently measured at cost less accumulated impairment losses.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Loss of control

Upon the loss of control over a subsidiary the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for acquisitions of non-controlling interests

The Group applies IFRS 10: Consolidated Financial Statements in accounting for acquisitions of non-controlling interests.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Property, plant and equipment

Recognition and measurement

Owner-occupied buildings are initially recognised at cost and are subsequently revalued to approximate fair value. When an item of property, plant and equipment is revalued any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Other items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Group and its cost can be measured reliably.

Where an item of property, plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Depreciation

Land is not depreciated while buildings are depreciated on a straight-line basis over their estimated useful lives. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Estimates of useful lives, residual values and methods of depreciation are reviewed annually. Any changes are accounted for prospectively as a change in accounting estimate. If the expected residual value of an asset is equal to or greater than its carrying value, depreciation on that asset is ceased. Depreciation is resumed when the expected residual value falls below the asset's carrying value.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/ other expenses in profit or loss. When revalued assets are sold any related amounts included in the revaluation reserve is transferred to retained earnings.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. The Group's intentions regarding the property is the primary criterion in considering classifications. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for resale in the ordinary course of business, use in the production or supply of goods or services or administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Property interests held under operating leases are not treated as investment properties.

Costs include expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on the disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Impairment

Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset, that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred, but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in other reserves from equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, except for investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss that are recognised in profit or loss.

Interest income is recognised as it accrues in profit or loss using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets that are recognised in profit or loss. All borrowing costs not capitalised in terms of IAS 23 are recognised in profit or loss using the effective interest method.

Income tax

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI, in which case it is recognised in equity or OCI.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future and the Group is able to control the timing of the reversal of the temporary differences. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are off-set if there is a legally enforceable right to off-set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2013. The company withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the company's tax charge but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received the dividend is recognised at the gross amount, with the related withholdings tax recognised as part of tax expense, unless it is otherwise reimbursable, in which case it is recognised as an asset.

Inventory

Raw materials and consumables, work in progress and finished goods are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined on the first-in, first-out principle and includes direct material costs together with appropriate allocations of labour and overheads, based on normal operating capacity.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are determined by discounting the expected future cost. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at each reporting date and adjusted to reflect the current or best estimate.

Financial instruments

Initial recognition

Financial instruments are initially recognised at fair value for those instruments not measured at fair value through profit and loss, directly attributable transaction costs are included on initial measurement. Subsequent to initial recognition financial instruments are measured as described below.

Measurement

Subsequent to initial recognition these instruments are measured as follows:

Investments

Listed investments classified as available-for-sale financial assets are carried at fair value, which is calculated by reference to stock exchange quoted selling prices at the close of business at the reporting date. Unlisted investments are classified as available for sale and are shown at fair value, unless their fair value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses. Gains and losses are recognised in OCI in other reserves except for impairment losses, which are expensed in profit or loss.

Trade, long-term and other receivables

Trade and other receivables originated by the Group are stated at amortised cost less impairment losses using the effective interest rate method (see accounting policy on impairment).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and are measured at amortised cost. Bank overdrafts that are payable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

Financial liabilities, trade and other payables

Non-derivative financial liabilities are recognised at amortised cost using the effective interest rate method, comprising original debt less principal payments and amortisations.

Derivative instruments

Derivative instruments are measured at fair value. Changes in the fair value are recognised in profit or loss.

Offset

In the instance that the Group has a legal right to apply an amount due from a third party against the amount due to a creditor, provided that there is an agreement among the two parties that clearly establishes the contractual right to set-off, and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously, the related amounts are off-set and the net amounts reported in the statement of financial position.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities are measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliable, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Lease income

Revenues from finance leases are recognised using the effective yield method. Revenues from operating leases are recognised on a straight-line basis over the lease term.

Dividend income

Dividend income from investments is recognised when the right to receive payment is established.

Earnings per share

Basic earnings per share is based on earnings attributable to shareholders and is calculated on the weighted average number of shares in issue during the financial year. Headline earnings per share is based on earnings attributable to shareholders, excluding any non-trading capital items and the tax effect thereon, and is calculated as above. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

These potentially dilutive shares relate to the options issued in terms of the share incentive scheme.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into South African Rand at rates of exchange ruling at the reporting date. Translation gains and losses, whether realised or unrealised, are taken to profit or loss.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest rate and payments during the year, and amortised cost in foreign currency translated at the exchange rate at the end of the year.

Leases

Finance leases

The Group as lessee

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the Group are classified as finance leases.

Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the statement of financial position. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group enters into finance leasing arrangements for its copiers, data panels and point-of-sale equipment. All leases are denominated in South African Rands. The average term of finance leases entered into is four to five years.

Operating leases – Group is the lessee

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease. The leased assets are not recognised in the Group's statement of financial position.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit medical aid

Where the Group has an obligation to provide post-retirement medical aid benefits to employees, the Group recognises the costs of these benefits in the year in which the employees render the service.

Actuarial gains or losses in respect of the defined benefit medical plan are recognised directly in OCI in the year in which they arise.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

Seardel Investment Corporation Limited (Seardel) granted rights to its equity instruments to employees of subsidiaries. With effect from 1 October 2014 the participants of the Seardel Share Incentive Scheme have no further rights under the scheme and all unvested share options issued in terms of the scheme have lapsed. This is as a result of the change in control of the relevant employer company which came about as a result of an internal restructure. The Deneb Investments Long Term Incentive Plan was established on 10 October 2014 and adopted by the company and the employer companies on 13 October 2014. An initial tranche of first allocation Deneb options totalling 22 531 660 have been granted to selected participants who were holders of unvested Seardel share options at 30 September 2014.

Seardel required the subsidiaries to make payment of the rights. This type of intra-group payment arrangement is commonly referred to as a “recharge arrangement”, noted below.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

Equity compensation benefits

The Group granted share options to certain employees under an employee share plan.

The fair value of the employee share options are measured using an actuarial binomial model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the company’s historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Equity compensation benefits before 10 October 2014 relates to the Seardel Investment Corporation Limited Scheme. The scheme is administered through a trust which acts as an agent of the sponsor, the sponsor being Seardel Investment Corporation Limited.

Equity compensation benefits after 10 October 2014 relates to the Deneb Investments Limited Scheme.

Recharge arrangement

IFRS does not provide any guidance on the accounting for recharge arrangements.

The policy adopted by the Group for the Seardel share options is to make use of the guidance in IFRS 2 relating to cash-settled share-based payments (by analogy). This means that the Group will determine the fair value of the recharge liability at the date that the recharge arrangement is entered into, and will recognise this value over the vesting period. At each reporting date, the recharge liability is remeasured taking into account items such as the time value of money, expected vesting and changes in the estimated future cash flows under the arrangement. The revised liability is recognised over the remaining vesting period.

The recharge was recognised through equity as a share-based liability recharge.

Dividends to shareholders
Dividends are accounted for in the period in which the dividends are declared.

Segmental reporting
The Group follows the management approach to segmental reporting with segment financial information being disclosed as it is being used internally by the entity's chief operating decision-maker (CODM) in order to assess performance and allocate resources.

Segments are determined on the basis of products and services offered.

Inter-segment pricing is determined on an arm's length basis.

The segment report has been presented on page 60.

Intangible assets
Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred. Intangible assets with indefinite useful lives are tested for impairment annually regardless of whether there is an impairment indicator.

The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised.

Amortisation
Amortisation is recognised in profit or loss on a straight-line basis.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Government grants
Government grants are recognised as other income when there is a reasonable assurance that the Group will comply with the relevant conditions attached to them and that the grant will be received.

Export incentives
Duty credit certificates used to procure foreign goods serve to adjust the total cost of imported goods. Where these are not required for own import, they are sold and the resulting income is recognised as other income.

Borrowing costs
Borrowing costs attributable to the acquisition, construction or production of a qualifying asset are capitalised.

2 Use of judgements and estimates

In preparing these consolidated financial statements management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 1 – Accounting policies: basis of preparation
The Deneb Group was established on 1 October 2014 where Deneb, a wholly-owned subsidiary of Seardel Investment Corporation Limited (Seardel), acquired all the non-media assets from Seardel through a reorganisation. The reorganisation represents a common control transaction as Hosken Consolidated Investments Limited (HCI) is the ultimate controlling entity before and after the transaction. Common control fall outside the scope of IFRS 3 and IFRIC 17 and is not specifically addressed in IFRS.

Deneb has elected the book value accounting and chosen to provide comparatives as if the Group existed before 1 October 2014. Refer to Basis of preparation for more information.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2015 is included in the following notes:

Note 5 – impairment test; key assumptions underlying recoverable amounts

Note 7 – recognition of deferred tax assets; availability of future taxable profit against which carry-forward tax losses can be used

Note 19 – measurement of defined benefit obligation; key actuarial assumptions

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values that are reviewed on an ongoing basis. Review includes significant unobservable inputs and valuation adjustments. If third-party information, such as external property valuations, is used to measure fair values, then it's assessed if the evidence obtained from the third parties supports the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group audit committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If inputs used to measure the fair value of an asset or a liability might be categorised in the different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 10 – owner-occupied land

Note 11 – investment property

Note 13 – other investments

Note 20 – financial instruments

Note 35 – share-based payment arrangements

3 Operating profit before impairments

The following items have been taken into account in determining operating profit for continuing and discontinuing operations before impairments and restructuring and retrenchment costs:

	Group	
	2015 R000's	2014* R000's
Income		
Compensation for property, plant and equipment that were impaired, lost or given up	**122**	347
Dividends – unlisted investments	**–**	228
Government grants	**34 860**	33 875
Finance lease income	**13 141**	11 833
Foreign exchange gains – realised	**4 680**	12 898
– unrealised	**9 756**	31 569
Litigation settlement***	**–**	38 703
Rental income from investment property	**95 519**	71 547
Fair value adjustments to investment property	**70 187**	20 726
Surplus on disposal of property, plant and equipment	**352**	2 958
Expenditure		
Amortisation	**5 044**	4 287
Bad debts – net recoveries and reversals of allowance account	**5 329**	1 303
Bank charges	**3 757**	4 192
Depreciation – buildings	**2 505**	2 908
– plant and machinery	**22 070**	24 443
– equipment and fittings	**8 708**	10 964
– motor vehicles	**984**	1 288
Total owned assets	**34 267**	39 603
Total leased assets	**1 167**	791
Total depreciation	**35 434**	40 394
Employment costs**	**456 326**	660 369
Loss on disposal of property, plant and equipment	**511**	31 694
Foreign exchange losses – realised	**5 680**	3 697
– unrealised	**5 723**	27 382
Operating lease charges – property	**25 795**	22 467
– equipment and vehicles	**3 494**	1 941
Technical and consulting fees	**10 657**	18 512
Write-down of inventory to net realisable value	**7 565**	12 244
Reversal of write-down of inventory to net realisable value	**(112)**	(1 572)

* Restated, see note 32.

** Includes contributions of R41 million (2014: R52,6 million) to medical, pension, provident and benefit funds. These contributions are also after an R8,6 million charge (2014: R8,1 million) in respect of post-employment medical benefits relating to a defined benefit obligation and an IFRS 2 charge in respect of the share option scheme of R6,3 million (2014: R1,9 million).

*** Income as a result of settlement of various litigation proceedings and claims against former directors and officers of the company and entities controlled by them.

4 Segment report

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee.

The textile and industrial segments derive their revenue from manufacturing activities. The branded product distribution segment derives its revenue from the distribution of branded toys, electronics, stationery and clothing. The property segment derives its revenue from property rental.

	Gross revenue R000's	Inter-segment revenue R000's	External revenue R000's	Operating profit/(loss) before finance costs R000's	Interest revenue R000's	Interest expense R000's
Year ended 31 March 2015						
Continued operations						
Property	**129 114**	**(33 595)**	**95 519**	**153 082**	**–**	**–**
Branded product distribution	**1 408 968**	**(863)**	**1 408 105**	**19 576**	**–**	**–**
Textiles	**718 310**	**(7 568)**	**710 742**	**40 614**	**–**	**–**
Industrials	**451 033**	**–**	**451 033**	**24 618**	**–**	**–**
Head office	**–**		**–**	**(38 811)**	**11 271**	**(58 158)**
Total continued operations	**2 707 425**	**(42 026)**	**2 665 399**	**199 079**	**11 271**	**(58 158)**
Discontinued operations						
Clothing	**9 581**	**–**	**9 581**	**(17 284)**	**–**	**–**
Total discontinued operations	**9 581**	**–**	**9 581**	**(17 284)**	**–**	**–**
Total	**2 717 006**	**(42 026)**	**2 674 980**	**181 795**	**11 271**	**(58 158)**
Year ended 31 March 2014*						
Continued operations						
Property	118 926	(47 379)	71 547	103 769	–	–
Branded product distribution	957 545	(3 622)	953 923	37 359	–	–
Textiles	736 920	(46 767)	690 153	35 306	–	–
Industrials	424 701	–	424 701	35 115	–	–
Head office	–		–	8 293	2 080	(49 094)
Total continued operations	2 238 092	(97 768)	2 140 324	219 842	2 080	(49 094)
Discontinued operations						
Clothing	627 651	–	627 651	(151 305)	66	(13 814)
Total discontinued operations	627 651	–	627 651	(151 305)	66	(13 814)
Total	2 865 743	(97 768)	2 767 975	68 537	2 146	(62 908)

* Restated, see note 32.

Profit or loss for the year R000's	Segment assets R000's	Segment liabilities R000's	Capital expen-diture R000's	Consi-deration paid for business combi-nations R000's	Depre-ciation R000's	Amorti-sation R000's
153 082	**1 129 952**	**15 219**	**42 810**	**–**	**(2 570)**	**–**
13 858	**812 405**	**224 406**	**37 893**	**1 400**	**(6 402)**	**(3 930)**
40 614	**521 469**	**150 593**	**10 097**		**(14 669)**	**–**
24 568	**279 199**	**64 201**	**27 586**		**(10 369)**	**–**
(7 525)	**286 109**	**708 600**	**698**		**(684)**	**(1 114)**
224 597	**3 029 134**	**1 163 019**	**119 084**	**1 400**	**(34 694)**	**(5 044)**
(17 284)	**4 673**	**2 061**	**100**		**(740)**	
(17 284)	**4 673**	**2 061**	**100**	**–**	**(740)**	**–**
207 313	**3 033 807**	**1 165 080**	**119 184**	**1 400**	**(35 434)**	**(5 044)**
103 769	1 075 261	10 777	37 716	–	(2 910)	–
25 995	550 763	174 271	9 911	1 286	(4 788)	(1 381)
35 306	478 092	218 251	14 787	–	(12 164)	–
31 055	271 467	89 953	6 568	25 214	(9 596)	–
(18 398)	125 816	607 280	77	–	(305)	(1 177)
177 727	2 501 399	1 100 532	69 059	26 500	(29 763)	(2 558)
(165 053)	165 518	78 216	2 962	–	(10 631)	(1 729)
(165 053)	165 518	78 216	2 962	–	(10 631)	(1 729)
12 674	2 666 917	1 178 748	72 021	26 500	(40 394)	(4 287)

4 Segment report (continued)

	Write-down of inventory R000's	Reversal of write-down of inventory R000's	Impairments R000's	Reversal of impairments R000's	Restructuring and retrenchment costs R000's	Revaluation of investment properties R000's
Year ended 31 March 2015						
Continued operations						
Property	–	–	(3 807)	–	–	70 187
Branded product distribution	(6 558)	–	–	–	–	–
Textiles	(977)	–	–	12 771	–	–
Industrials	(30)	–	(3 410)	–	–	–
Head office	–	–	–	–	–	–
Total continued operations	(7 565)	–	(7 217)	12 771	–	70 187
Discontinued operations						
Clothing	–	112	(2 647)	–	–	–
Total discontinued operations	–	112	(2 647)	–	–	–
Total	(7 565)	112	(9 864)	12 771	–	70 187
Year ended 31 March 2014*						
Continued operations						
Property	–	–	–	–	–	20 726
Branded product distribution	(5 217)	–	–	–	3	–
Textiles	(1 931)	–	–	–	(2 242)	–
Industrials	(95)	–	–	–	–	–
Head office	–	–	–	–	–	–
Total continued operations	(7 243)	–	–	–	(2 239)	20 726
Discontinued operations						
Clothing	(5 001)	1 572	(4 617)	–	(43 860)	–
Total discontinued operations	(5 001)	1 572	(4 617)	–	(43 860)	–
Total	(12 244)	1 572	(4 617)	–	(46 099)	20 726

* Restated, see note 32.

				Geographical segments based on customer location					
				Revenue from external customers			Holdings of property, plant and equipment, investment property and intangible assets		
	Gain on disposal of property, plant and equipment R000's	Loss on disposal of property, plant and equipment R000's	Income tax (expense)/ income R000's	South Africa R000's	Direct exports R000's	Total R000's	Within South Africa R000's	Outside South Africa R000's	Total R000's
	85	**–**	**–**	**95 519**	**–**	**95 519**	**1 050 770**	**–**	**1 050 770**
	75	**(137)**	**(5 718)**	**1 211 657**	**196 448**	**1 408 105**	**47 352**	**–**	**47 352**
	178	**–**	**–**	**688 324**	**22 418**	**710 742**	**168 896**	**–**	**168 896**
	–	**(285)**	**(50)**	**437 083**	**13 950**	**451 033**	**115 912**	**–**	**115 912**
	14	**–**	**78 173**	**–**	**–**	**–**	**3 052**	**–**	**3 052**
	352	**(422)**	**72 405**	**2 432 583**	**232 816**	**2 665 399**	**1 385 982**	**–**	**1 385 982**
	–	**(89)**	**–**	**9 581**	**–**	**9 581**	**514**	**–**	**514**
	–	**(89)**	**–**	**9 581**	**–**	**9 581**	**514**	**–**	**514**
	352	**(511)**	**72 405**	**2 442 164**	**232 816**	**2 674 980**	**1 386 496**	**–**	**1 386 496**
	62	–	–	71 547	–	71 547	1 005 356	–	1 005 356
	170	(174)	(11 364)	868 201	85 722	953 923	20 301	–	20 301
	11	(128)	–	681 779	8 374	690 153	161 562	–	161 562
	25	(132)	(4 060)	402 697	22 004	424 701	106 091	–	106 091
	(14)	–	20 323	–	–	–	2 979	–	2 979
	254	(434)	4 899	2 024 224	116 100	2 140 324	1 296 289	–	1 296 289
	2 704	(31 260)	–	627 651	–	627 651	4 609	–	4 609
	2 704	(31 260)	–	627 651	–	627 651	4 609	–	4 609
	2 958	(31 694)	4 899	2 651 875	116 100	2 767 975	1 300 898	–	1 300 898

5 Net impairment reversal/(impairment) of assets

Reconciliation of carrying amount	Group 2015 R000's	2014* R000's
The following impairments were recognised during the year:		
Category of asset		
Property, plant and equipment	(6 057)	–
Assets held for sale – property, plant and equipment	(3 807)	–
Intangible assets	–	(4 617)
Total	(9 864)	(4 617)
Included in discontinued operations	2 647	4 617
Impairments from continuing operations	(7 217)	–
The following impairments were reversed during the year:		
Category of asset		
Property, plant and equipment	12 771	–
Total	12 771	–
Included in discontinued operations	–	–
Impairments reversed from continuing operations	12 771	–
Net impairments from continuing operations	**5 554**	–

* Restated, see note 32.

Impairment testing
The Group has performed impairment testing on:

- all cash-generating units (CGUs) where there is an indication that they may be impaired or impairment should be reversed; and
- all CGUs that contain goodwill.

For the purposes of determining the CGUs of the Group, the guidelines as per IAS 36 were followed and the below considerations were given:

- how the Group reports its financial management accounts;
- how management makes day-to-day operational decisions; and
- how management makes decisions about continuing or disposing of the entity's assets.

CGUs where there is an indication that they may be impaired or the impairment reversed
The recoverable amount of a CGU is determined based on a fair value less cost to sell or value-in-use calculation as appropriate.

Value-in-use calculations use cash flow projections approved by management. These cash flow forecasts cover four years and the cash flows after the forecast period are extrapolated into the future over the useful life of the CGU, using steady growth rates that are consistent with that of the industry and country.

In determining value in use, projected cash flows are discounted using the entity's weighted average cost of capital (WACC) adjusted for any risk that are not reflected in the underlying cash flows. WACC was calculated as 8,02% for the current period (2014: 7,41%).

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including production estimates, economic factors such as commodity prices, discount rates, currency exchange rates and estimates of costs to produce. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based, would not cause the carrying amounts to exceed their recoverable amount.

Fair value has been determined by independent external valuers who have taken into account the current market conditions for the nature, age and condition of the assets involved.

The events and circumstances that led to the recognition of the impairment losses are as follows:

- Poor results and/or budgeted future results triggered an assessment of realisable value.

The events and circumstances that led to the reversal of impairments are as follows:

- Internal restructuring, as well as changes in the dynamics of the market in which certain businesses within the textile segment operate, resulted in better-than-expected performances. Impairment testing of these plants resulted in the impairment losses recorded in previous reporting periods being reversed.

Impairment testing for CGUs containing goodwill
There were two CGUs containing goodwill in the current period.

Branded product distribution investment
The recoverable amount of this CGU was based on value in use, estimated using discounted cash flows.

The fair value measurement was categorised as a Level 3 fair value, based on the inputs in the valuation technique used (see note 2).

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

In per cent	2015
Discount rate	7,41
Terminal value growth rate	4,5
Budgeted EBITDA growth rate (average of the next five years)	6

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately R9,2 million. There are no reasonable changes in the key assumptions that will cause the carrying amount to equal or exceed the recoverable amount.

Industrials investment
The recoverable amount of this CGU was based on value in use, estimated using discounted cash flows.

The fair value measurement was categorised as a Level 3 fair value, based on the inputs in the valuation technique used (see note 2).

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

In per cent	2015
Discount rate	7,41
Terminal value growth rate	4,5
Budgeted EBITDA growth rate (average of the next five years)	6

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately R106,6 million. There are no reasonable changes in the key assumptions that will cause the carrying amount to equal or exceed the recoverable amount.

Notes to the financial statements

for the year ended 31 March (continued)

6 Finance income and expenses

	Group	
	2015 R000's	2014* R000's
Recognised in profit or loss		
Finance income		
Interest received from financial institutions	**1 723**	1 901
Interest received from connected persons	**9 548**	–
Other interest received	**–**	245
Included in discontinued operations	**–**	(66)
	11 271	2 080
Finance expenses		
Interest paid on finance leases and instalment sale agreements	**261**	620
Interest paid to financial institutions	**53 071**	54 244
Interest paid to connected persons	**2 963**	2 499
Unwinding of contingent payments on business combinations	**–**	943
Other interest paid	**1 863**	4 602
Included in discontinued operations	**–**	(13 814)
	58 158	49 094

The finance expenses relate to financial liabilities which are categorised as being measured at amortised cost.

* Restated, see note 32.

7 Taxation and deferred taxation

	Group 2015 R000's	2014* R000's
Income tax		
South African normal taxation		
– current	**(12 914)**	(15 203)
– prior year	**806**	(302)
Deferred taxation	**84 513**	20 404
	72 405	4 899

	%	%
Reconciliation between actual and normal taxation rates		
Taxation as a percentage of profit before taxation	**(53,7)**	(63,0)
Prior period	**0,6**	(3,9)
Specific tax deductible and non-deductible items and tax inclusions	**(0,1)**	(22,2)
Exempt income	**7,3**	130,4
Capital gains tax on asset disposals	**–**	20,1
Restricted recognition of tax loss	**73,9**	(33,4)
Normal taxation rate	**28,0**	28,0

	R000's	R000's
Deferred taxation		
Balance at the beginning of the year	**52 691**	34 313
– Asset	**58 738**	42 713
– Liability	**(6 047)**	(8 400)
Balance brought in through business combination	**–**	(1 023)
– Capital allowances	**–**	(2 774)
– Tax losses recognised during in the period	**–**	1 572
– Working capital differences	**–**	179

* Restated, see note 32.

7 Taxation and deferred taxation (continued)

	Group 2015 R000's	Group 2014* R000's
Current movements recognised in profit and loss	**84 513**	20 404
– Capital allowances	**(12 464)**	(5 804)
– Provision for post-employment medical benefits	**587**	578
– Tax losses recognised during in the period	**115 526**	34 870
– Capital allowances on intangible asset	**17**	439
– Shares and investments	**4 153**	–
– Revaluations	**(4 937)**	(10 754)
– Share incentive scheme	**(339)**	126
– Working capital differences	**(18 030)**	949
Current movements recognised in other comprehensive income	**(6 061)**	(1 003)
– Provision for post-employment medical benefits	**2 674**	1 670
– Shares and investments	**–**	(2 810)
– Share incentive scheme	**(7 402)**	2 651
– Reclassification of revaluation surplus	**–**	(370)
– Revaluations	**(1 333)**	(2 144)
Balance at the end of the year	**131 143**	52 691
– Asset	**134 152**	58 738
– Liability	**(3 009)**	(6 047)
Deferred tax assets and liabilities are attributable to the following:		
– Provision for post-employment medical benefits	**30 550**	27 289
– Working capital allowances	**(6 175)**	11 856
– Shares and investments	**–**	(4 153)
– Share incentive scheme	**2 236**	9 977
– Tax losses	**287 554**	172 029
– Capital allowances	**(87 649)**	(75 185)
– Capital allowances on intangible asset	**(397)**	(414)
– Revaluations	**(94 976)**	(88 708)
Net deferred tax at the end of the year	**131 143**	52 691

There are estimated tax losses in respect of four subsidiary companies. The directors have considered the future profitability of these entities and on the basis that they are projected to produce taxable income in the foreseeable future, these deferred tax assets are considered fully recoverable. Tax losses have been recognised in Seardel Group Trading Proprietary Limited and Brits Automotive Systems Proprietary Limited to the extent considered recoverable.

Unrecognised tax losses, reflected at 28% of the underlying tax loss, exist in the following entity:

Seardel Group Trading Proprietary Limited	**–**	130 527

* Restated, see note 32.

8 Discontinued operations

Operations classified as discontinued operations in the consolidated financial statements consist of the clothing factory stores and the apparel manufacturing businesses. The latter of which was disposed of to a related party (an associated company of SACTWU) , as a going concern.

The results of the discontinued operations have been separately disclosed on the face of the statements of profit and loss and other comprehensive income. Where practical, the prior year results have been restated accordingly.

	Group	
Results of discontinued operations	**2015 R000's**	**2014* R000's**
Revenue	**9 581**	627 651
Cost of revenue	**(15 903)**	(548 154)
Gross loss	**(6 322)**	79 497
Other income	**150**	3 806
Distribution costs	**(4 740)**	(108 953)
Administrative and other expenses	**(3 725)**	(45 918)
Operating loss before impairments and restructuring and retrenchment costs	**(14 637)**	(71 568)
Impairment of assets	**(2 647)**	(4 617)
Restructuring and retrenchment costs	**–**	(43 860)
Loss on sale of plant, equipment and inventory		(31 260)
Operating loss before finance costs	**(17 284)**	(151 305)
Finance income	**–**	66
Finance expenses	**–**	(13 814)
Loss before taxation	**(17 284)**	(165 053)
Income tax expense	**–**	–
Loss for the period from discontinued operations	**(17 284)**	(165 053)
Cash flows from/(used in) discontinued operations		
Net cash used in operating activities	**(21 985)**	(46 457)
Net cash from investing activities	**39 518**	7 061
Net cash from financing activities	**–**	–
Net cash used in discontinued operations	**17 533**	(39 396)

The loss from discontinued operations is attributable entirely to equity holders of the parent.

* Restated, see note 32.

9 Profit/(loss) per share

The Group was established as part of an internal restructure on 1 October 2014. The consolidated financial statements of the Group is based on book value (carry-over) accounting, on the basis that Deneb has remained a subsidiary of the Hosken Consolidated Investments Limited (HCI) group. Comparative information in the consolidated financial statements of Deneb was restated and it adjusted its current reporting period before the date of the transaction as if the combination had occurred before the start of the earliest period presented.

For the purposes of calculating the earnings per share the number of shares in issue were restated as if the transaction occurred before 1 April 2013. Refer to note 1, Basis of preparation and note 32, Changes in comparatives for more information.

	Gross R000's	Net R000's	Number of shares 000's	Per share (cents)
2015				
Number of shares in issue				
Net number of shares in issue at 31 March 2015			560 812	
Weighted average number of shares				
Weighted average number of shares at 31 March 2015			547 315	
Shares as at 1 April 2014			539 776	
Effect of recapitalisation			7 018	
Effect of share options exercised			521	
Diluted average number of shares				
Diluted weighted average number of shares			553 242	
Weighted average number of shares			547 315	
Dilution effect of share options granted			5 927	
Earnings per share				
Basic earnings				
Profit attributable to equity holders of the parent		208 750	547 315	38,14
Earnings from continued operations		226 034		41,30
Loss from discontinued operations		(17 284)		(3,16)
Diluted earnings				
Profit attributable to equity holders of the parent		208 750	553 242	37,73
Earnings from continued operations		226 034		40,86
Loss from discontinued operations		(17 284)		(3,12)
Headline earnings				
Reconciliation between profit and headline earnings				
Profit attributable to equity holders of the parent		208 750		
Impairment of assets	9 864	7 102		
Reversal of impairment of assets	(12 771)	(9 195)		
Remeasurement of investment property	(70 187)	(56 449)		
Surplus on disposal of property, plant and equipment	(352)	(253)		
Loss on disposal of property, plant and equipment	511	368		
Gain on deemed disposals	–	–		
Loss on disposal of investment property	601	489		
Headline earnings		150 812	547 315	27,55
Earnings from continued operations		166 127		30,35
Loss from discontinued operations		(15 315)		(2,80)
Diluted headline earnings		150 812	553 242	27,26
Earnings from continued operations		166 127		30,03
Loss from discontinued operations		(15 315)		(2,77)

Issued shares

As part of the internal restructure, 539 776 349 shares were issued to Seardel Investment Corporation Limited (Seardel) on 1 October 2014 for the exchange of all Seardel's non-media investments.

Subsequent to the internal restructuring, 18 115 848 shares were issued by Deneb to Seardel on 10 November 2014 in exchange for R52,5 million in cash to ensure that Deneb is appropriately capitalised prior to the listing and unbundling.

Deneb listed on the JSE Limited on 1 December 2014 by unbundling from Seardel. Seardel shareholders were entitled to receive 12,91952 Deneb shares for every 100 Seardel shares. No fractions of shares were issued and Deneb shares was issued based on the rounding principle. Accordingly 64 shares were delisted on 1 December 2014 due to rounding.

The internal restructure transaction was accounted for as if it occurred before 1 April 2013. Refer to note 1, Basis of preparation for further information.

During the period 2 919 619 shares were issued in terms of the Group's share incentive scheme.

	Gross R000's	Net R000's	Number of shares R000's	Per share R000's
2014*				
Number of shares				
Net number of shares – 31 March 2014			539 776	
Weighted average number of shares			539 776	
Issued shares as at 1 April 2013			539 776	
Diluted average number of shares				
Diluted weighted average number of shares			539 776	
Weighted average number of shares			539 776	
Dilution effect of share options granted			–	

* Restated, see note 32.

9 Profit/(loss) per share (continued)

	Gross R000's	Net R000's	Number of shares R000's	Per share R000's
2014* (continued)				
Earnings per share				
Basic earnings				
Profit attributable to equity holders of the parent		12 674	539 776	2,35
Earnings from continued operations		177 727		32,93
Loss from discontinued operations		(165 053)		(30,58)
Diluted earnings				
Profit attributable to equity holders of the parent		12 674	539 776	2,35
Earnings from continued operations		177 727		32,93
Loss from discontinued operations		(165 053)		(30,58)
Headline loss				
Reconciliation between profit and headline loss				
Profit attributable to equity holders of the parent		12 674		
Impairment of assets	4 617	3 324		
Insurance claim for capital asset	(73)	(73)		
Remeasurement of investment property	(20 726)	(16 861)		
Surplus on disposal of property, plant and equipment	(2 958)	(2 639)		
Loss on disposal of investment property	100	81		
Loss on disposal of property, plant and equipment	31 694	26 994		
Headline earnings		23 500	539 776	4,36
Earnings from continued operations		158 547		29,37
Loss from discontinued operations		(135 047)		(25,01)
Diluted headline earnings		23 500	539 776	4,36
Earnings from continued operations		158 547		29,37
Loss from discontinued operations		(135 047)		(25,01)

Issued shares

Deneb was incorporated on 4 June 2013 as a wholly-owned subsidiary of Seardel with 120 shares.

The internal restructure transaction for 539 776 349 shares, as referred to above, was accounted for as if it occurred before 1 April 2013.

* Restated, see note 32.

10 Property, plant equipment

Reconciliation of carrying amount	Notes	Owner-occupied properties at valuation R000's	Plant and machinery at cost R000's	Equipment and fittings at cost R000's	Motor vehicles at cost R000's	Total R000's
Group						
2015						
Cost/valuation at 31 March 2015		**283 566**	**533 743**	**100 052**	**16 958**	**934 319**
Opening balance		**335 718**	**511 082**	**93 677**	**17 383**	**957 860**
Additions		**–**	**34 605**	**20 112**	**2 472**	**57 189**
Acquisition through business combinations	24	**–**	**–**	**91**	**2**	**93**
Revaluations		**5 923**	**–**	**–**	**–**	**5 923**
Reclassification to assets held for sale	15	**(58 075)**	**(11 169)**	**–**	**–**	**(69 244)**
Disposals		**–**	**(775)**	**(13 828)**	**(2 899)**	**(17 502)**
Accumulated depreciation and impairment at 31 March 2015		**–**	**260 029**	**68 220**	**10 139**	**338 388**
Opening balance		**–**	**255 560**	**69 460**	**10 758**	**335 778**
Current period depreciation		**2 505**	**22 694**	**8 708**	**1 527**	**35 434**
Revaluations		**(2 505)**	**–**	**–**	**–**	**(2 505)**
Impairment		**–**	**3 410**	**2 647**	**–**	**6 057**
Reversal of impairment		**–**	**(12 771)**	**–**	**–**	**(12 771)**
Reclassification to assets held for sale		**–**	**(8 864)**	**–**	**–**	**(8 864)**
Disposals and assets reclassified as held-for-sale		**–**	**–**	**(12 595)**	**(2 146)**	**(14 741)**
Carrying value at 31 March 2015		**283 566**	**273 714**	**31 832**	**6 819**	**595 931**
Rate of (straight-line) depreciation		**0 – 3,5%**	**4 – 7%**	**10 – 20%**	**20%**	
Residual values		**40 – 65%**	**0%**	**0%**	**20%**	
2014*						
Cost/valuation at 31 March 2014		335 718	511 082	93 677	17 383	957 860
Opening balance		418 605	617 514	153 783	21 330	1 211 232
Additions		196	18 980	8 457	1 818	29 451
Acquisition through business combination		–	10 621	229	1 066	11 916
Revaluations		18 429	–	–	–	18 429
Reclassification to investment property		(49 312)	–	–	–	(49 312)
Reclassification to assets held for sale		(52 200)	(551)	–	–	(52 751)
Disposals		–	(135 482)	(68 792)	(6 831)	(211 105)
Accumulated depreciation and impairment at 31 March 2014		–	255 560	69 460	10 758	335 778
Opening balance		–	327 377	114 968	14 406	456 751
Current year depreciation		2 908	24 829	10 966	1 691	40 394
Revaluations		(2 908)	–	–	–	(2 908)
Disposals and assets reclassified as held for sale		–	(96 646)	(56 474)	(5 339)	(158 459)
Carrying value at 31 March 2014		335 718	255 522	24 217	6 625	622 082

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

10 Property, plant equipment (continued)

Owner-occupied properties – cost less accumulated depreciation

The cost less accumulated depreciation of the owner-occupied properties is provided below. The allowed alternative method as described in IAS 16 is the revaluation model, which has been adopted by the Group.

	Group	
	2015 R000's	2014* R000's
Cost	**163 047**	172 921
Accumulated depreciation	**(2 017)**	(2 017)
Carrying value	**161 030**	170 904
Reconciliation of cost of land and buildings:		
Opening cost at the beginning of the year	**172 921**	198 884
Additions	**–**	196
Disposals, transfers to investment property and assets reclassified as held for sale	**(9 874)**	(26 159)
Closing cost at the end of the year	**163 047**	172 921

Capitalised leased assets included in the above are:

	Plant and machinery R000's	Equipment and fittings R000's	Motor vehicles R000's	Total R000's
Group				
2015				
Cost	**8 133**	**9 029**	**4 532**	**21 694**
Accumulated depreciation	**(1 031)**	**(8 996)**	**(1 234)**	**(11 261)**
Carrying value at 31 March 2015	**7 102**	**33**	**3 298**	**10 433**
2014*				
Cost	8 133	9 029	3 452	20 614
Accumulated depreciation	(406)	(8 996)	(731)	(10 133)
Carrying value at 31 March 2014	7 727	33	2 721	10 481

* Restated, see note 32.

Impairment losses and subsequent reversal – plant and equipment
The Group has performed impairment testing on all cash-generating units (CGUs) where there is an indication that they may be impaired. The recoverable amount of a CGU is determined based on a fair value less cost to sell or value-in-use calculation as appropriate.

The value-in-use calculation uses cash flow projections approved by management. These cash flow forecasts cover four years and the cash flows after the forecast period are extrapolated into the future, over the useful life of the CGU using steady growth rates that are consistent with that of the industry and country.

In determining value in use projected cash flows are discounted using the entity's weighted average cost of capital (WACC) adjusted for any risk that are not reflected in the underlying cash flows. WACC was calculated as 8,02% for the current period (2014: 7,41%).

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including production estimates, economic factors such as commodity prices, discount rates, currency exchange rates and estimates of costs to produce. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amounts to exceed their recoverable amount.

Fair value has been determined by independent external valuers who have taken into account the current market conditions for the nature, age and condition of the assets involved.

Refer to note 5 for impairments and reversals.

Measurement of fair value – land and buildings
Fair value hierarchy
The fair value of owner-occupied property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's owner-occupied property portfolio on an annual basis. The valuation was done on 31 March 2015.

The fair value measurement of owner-occupied property of R283,6 million has been categorised as a Level 3 fair value, based on the inputs to the valuation technique used (see note 2).

Level 3 fair value
The following shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	R000's
Carrying value at 31 March 2014	**335 718**
Acquisitions and acquisitions through business combinations	**–**
Disposals, depreciation and reclassification to investment property and assets held for sale	**(60 580)**
Revaluation straight through equity	
– Changes in fair value	**8 428**
Carrying value at 31 March 2015	**283 566**
Carrying value at 31 March 2013	418 605
Acquisitions and acquisitions through business combinations	196
Disposals, depreciation and reclassification to investment property and assets held for sale	(104 420)
Revaluation straight through equity	
– Changes in fair value	21 337
Carrying value at 31 March 2014	335 718

10 Property, plant equipment (continued)

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Capitalisation of income: The valuation model considers the net operating income of the rent collected and dividing it by the capitalisation rate (investor's rate of return), taking into account expected rental income and anticipated expenses for the next twelve months, the properties' location, structure and rental-producing capacity of similar buildings in similar locations.	– Capitalisation rate – Occupation rate – Projected income	The estimated fair value would increase/(decrease) if: – capitalisation rates were higher (lower) [see sensitivity analysis below]; – the occupancy rates were higher (lower); and – projected income were higher (lower).

Sensitivity analysis on the fair value of owner-occupied buildings
The capitalisation rates for the fair value of the properties varied between 9% –14,5%. The table below presents the sensitivity of the valuation on the carrying value of the owner-occupied property to changes in the capitalisation rate.

	Carrying value	
	2015 R000's	2014 R000's
Increase of 1% in the capitalisation rate	**261 581**	309 833
Decrease of 1% in the capitalisation rate	**308 706**	366 539

Securitisation of assets
Refer to note 33 which relates to the securitisation pool for the benefit of the Group's lenders.

11 Investment properties

Reconciliation of carrying amount	Group 2015 R000's	Group 2014* R000's
Opening carrying value	**669 619**	525 229
Additions – transfer from owner-occupied property	**–**	49 312
Development cost	**42 387**	37 499
Capitalised borrowing costs	**211**	–
Fair value adjustments	**70 187**	20 726
Additions – litigation settlement	**–**	38 703
Disposals/Transfers to held for sale	**(15 600)**	(1 850)
Closing carrying value	**766 804**	669 619
Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of between one and five years.		
Included in profit and loss:		
Rental income from investment property	**95 519**	71 547
Direct operating expenses (including repairs and maintenance) relating to rental-generating properties	**20 864**	10 322
Direct operating expenses (including repairs and maintenance) relating to property which did not generate income	**6 368**	147
Rates relating to rental-generating properties	**10 314**	7 431
Rates relating to property which did not generate income	**2 417**	805

* Restated, see note 32.

Borrowing cost
The capitalisation rate used to capitalise borrowing costs during the current year was the prime rate.

Litigation
During the prior year, the final aspect of the settlement of the litigation against former directors and officers of the company and entities controlled by them was implemented. Erf 27412, Observatory, with a market value of R38,7 million was transferred to a subsidiary of the company.

Capital commitments
There are commitments to further develop our investment properties by R39,4 million (2014: R2,15 million).

11 Investment properties (continued)

Measurement of fair value – investment properties
Fair value hierarchy
The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio on an annual basis.

The fair value measurement of investment property of R767 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2).

Level 3 fair value
The following shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	R000's
Opening value at 31 March 2014	669 619
Development cost and capitalised borrowing cost	42 598
Disposal	(15 600)
Gain included in other income	
– Changes in fair value	70 187
Closing value at 31 March 2015	766 804

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Capitalisation of income: The valuation model considers the net operating income of the rent collected and dividing it by the capitalisation rate (investor's rate of return), taking into account expected rental income and anticipated expenses for the next twelve months, the properties' location, structure and rental-producing capacity of similar buildings in similar locations.	– Capitalisation rate – Occupation rate – Projected income	The estimated fair value would increase/(decrease) if: – capitalisation rates were higher (lower) [see sensitivity analysis below]; – the occupancy rates were higher (lower); and – projected income were higher (lower).

Sensitivity analysis on the fair value of investment buildings
The capitalisation rates for the fair value of the properties varied between 9% – 14,5%. The table below presents the sensitivity of the valuation on the carrying value of the investment property to changes in the capitalisation rate.

	Carrying value	
	2015 R000's	2014 R000's
Increase of 1% in the capitalisation rate	**704 843**	612 081
Decrease of 1% in the capitalisation rate	**842 899**	738 946

Securitisation of assets
Refer to note 33 which relates to the securitisation pool for the benefit of the Group's lenders.

12 Intangible assets and goodwill

	Notes	Brand names/ trade-marks R000's	Software R000's	Licences R000's	Goodwill R000's	Total intan-gibles R000's
Group						
Cost at 31 March 2015		**10 880**	**6 147**	**19 999**	**17 271**	**54 297**
Opening balance		**–**	**5 919**	**11 499**	**14 204**	**31 622**
Assets acquired separately		**10 880**	**228**	**8 500**	**–**	**19 608**
Acquired through business combinations	24	**–**	**–**	**–**	**3 067**	**3 067**
Accumulated amortisation and impairment at 31 March 2015		**1 744**	**4 502**	**7 019**	**–**	**13 265**
Opening balance		**–**	**3 387**	**4 834**	**–**	**8 221**
Current period amortisation		**1 744**	**1 115**	**2 185**	**–**	**5 044**
Carrying value at 31 March 2015		**9 136**	**1 645**	**12 980**	**17 271**	**41 032**
Nature of useful lives		Finite	Finite	Finite		
Amortisation method		Straight line	Straight line	Straight line		
Rate of amortisation		Period of contract	20%	Period of licence		
Residual values		0%	0%	0%		
Cost at 31 March 2014*		–	5 919	11 499	14 204	31 622
Opening balance		–	14 046	7 000	–	21 046
Assets acquired separately		–	572	4 499	–	5 071
Disposals and assets reclassified as held for sale		–	(8 699)	–	–	(8 699)
Acquired through business combinations	24	–	–	–	14 204	14 204
Accumulated amortisation and impairment at 31 March 2014*		–	3 387	4 834	–	8 221
Opening balance		–	4 563	3 453	–	8 016
Disposals and assets reclassified as held for sale		–	(8 699)	–	–	(8 699)
Impairment losses recognised in profit and loss		–	4 617	–	–	4 617
Current period amortisation		–	2 906	1 381	–	4 287
Carrying value at 31 March 2014*		–	2 532	6 665	14 204	23 401

The amortisation of intangible assets is included in the following line items in the statement of comprehensive income:

	2015 R000's	2014* R000's
Cost of revenue	**–**	–
Distribution costs	**3 930**	953
Administrative and other expenses	**1 114**	3 334
	5 044	4 287

* Restated, see note 32.

13 Other investments

	Group 2015 R000's	2014* R000's
Business Partners Limited (unlisted)	**3 329**	3 329
Seardel Investment Corporation Limited (listed)	**–**	40 065
Old Mutual (listed)	**315**	315
	3 644	43 709

	Number of shares	Number of shares
Business Partners Limited (unlisted)	**605 220**	605 220
Seardel Investment Corporation Limited (listed) ordinary shares	**–**	14 704 938
Seardel Investment Corporation Limited (listed) N ordinary shares	**–**	6 123 306
Old Mutual (listed)	**8 900**	8 900
	614 120	21 442 364

Investments are classified as available for sale and are reconciled as follows:	R000's	R000's
Opening balance	**43 709**	28 574
Distribution	**(43 435)**	–
Revaluations	**3 370**	15 135
Closing balance	**3 644**	43 709

Securitisation of assets
Refer to note 33 which relates to the securitisation pool for the benefit of the Group's lenders.

* Restated, see note 32.

14 Long-term receivables

Reconciliation of carrying amount	Group 2015 R000's	2014* R000's
Net investment in finance leases	**58 808**	50 115
Other loans	**123 232**	76 725
	182 040	126 840

Fair value of long-term receivables
The fair value of long-term interest-bearing receivables approximates the carrying value as market-related rates of interest are charged on these outstanding amounts. There were no impairment provisions on non-current receivable financial assets during the current or prior years.

Other loans
Included in other loans are:

	2015 R000's	2014* R000's
Loan to Hosken Consolidated Investments Limited (HCI)	**55 003**	–
Loan to South African Clothing & Textile Workers Union (SACTWU)	**68 071**	76 631
Other	**158**	94
Total	**123 232**	76 725

The loans have no fixed terms of repayment and by mutual agreement the loans will not be recalled before 31 March 2016.

Net investment in finance leases is reconciled with the gross investment in leases as follows:

	Gross investment in leases R000's	Unearned finance income R000's	Net investment in leases R000's
2015			
Lease payments receivable			
– Not later than one year	**39 546**	**8 957**	**30 589****
– Later than one year but not later than five years	**67 841**	**9 033**	**58 808**
	107 387	**17 990**	**89 397**
2014			
Lease payments receivable			
– Not later than one year	34 677	8 313	26 364**
– Later than one year but not later than five years	58 365	8 250	50 115
	93 042	16 563	76 479

* Restated, see note 32.
** Included in trade and other receivables.

Interest is charged at rates varying between 14% and 25%.

There were no contingent rents recognised as income during the year.

The Group enters into finance leasing arrangements for its copiers, data panels and point-of-sale equipment. All leases are denominated in South African Rands. The average term of finance leases entered into is three to five years.

Notes to the financial statements

for the year ended 31 March (continued)

15 Assets held for sale

The categories of property, plant and equipment are as follows:

	Group	
	2015 R000's	2014* R000's
Land and buildings	**55 628**	53 985
Plant and machinery	**2 305**	551
	57 933	54 536

The segmental classification of the non-current assets held for sale is as follows:

	Textiles R000's	Industrials R000's	Property R000's	Total R000's
2015				
Land and buildings	**–**	**–**	**55 628**	**55 628**
Plant and machinery	**–**	**2 305**	**–**	**2 305**
	–	**2 305**	**55 628**	**57 933**
2014*				
Land and buildings	–	–	53 985	53 985
Plant and machinery	551	–	–	551
	551	–	53 985	54 536

Reconciliation of carrying amount	Land and buildings at valuation R000's	Plant and machinery at cost R000's	Total R000's
Carrying value at 31 March 2014*	**53 985**	**551**	**54 536**
Reclassification from property, plant and equipment	**58 075**	**11 169**	**69 244**
Disposal	**(52 625)**	**(9 415)**	**(62 040)**
Impairment	**(3 807)**	**–**	**(3 807)**
Carrying value at 31 March 2015	**55 628**	**2 305**	**57 933**
Carrying value at 31 March 2013*	2 295	–	2 295
Reclassification from property, plant and equipment	52 200	551	52 751
Disposal	(510)	–	(510)
Carrying value at 31 March 2014*	53 985	551	54 536

* Restated, see note 32.

Measurement of fair value – assets held for sale

Fair value hierarchy

The fair value of land and buildings classified as assets held for sale was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's owner-occupied property portfolio on an annual basis. The valuation was done on 31 March 2015.

The fair value measurement of land and buildings of R55,6 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2).

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Capitalisation of income: The valuation model considers the net operating income of the rent collected and dividing it by the capitalisation rate (investor's rate of return), taking into account expected rental income and anticipated expenses for the next twelve months, the properties' location, structure and rental-producing capacity of similar buildings in similar locations.	– Capitalisation rate – Occupation rate – Projected income	The estimated fair value would increase/(decrease) if: – capitalisation rates were higher (lower); – the occupancy rates were higher (lower); and – projected income were higher (lower).

Securitisation of assets

Refer to note 33 which relates to the securitisation pool for the benefit of the Group's lenders.

16 Inventories

	Group	
	2015 R000's	2014* R000
Raw materials and consumables	**147 919**	185 264
Work in progress	**52 894**	42 042
Finished goods	**409 401**	309 165
	610 214	536 471
Inventories stated at net realisable value	**126 873**	112 672
Inventories acquired through business combinations (refer to note 24)	**701**	8 401
Carrying amount of inventory pledged as security for liabilities	**594 197**	522 376
Write-down of inventory to net realisable value during the year	**7 565**	12 244
Reversals of previous write-down of inventory to net realisable value during the year**	**(112)**	(1 572)

* Restated, see note 32.

** This inventory was realised during the year and the earlier write-down reversed.

Securitisation of assets

Refer to note 33 which relates to the securitisation pool for the benefit of the Group's lenders.

Notes to the financial statements

for the year ended 31 March (continued)

17 Trade and other receivables

Reconciliation of carrying value	Group 2015 R000's	Group 2014* R000's
Trade receivables	**497 890**	402 071
Lease receivables	**30 589**	26 364
Other receivables	**86 112**	74 700
Fair value of outstanding foreign exchange contracts	**3 670**	2 640
Prepayments	**22 594**	22 063
	640 855	527 838
Business acquisition		
Trade and other receivables acquired through business combinations (refer to note 24)	**3 211**	13 080
Other receivables		
Included under other receivables are:		
Income receivable from Production Incentive programme (refer to note 22)	**38 486**	33 875
Lease smoothing asset	**16 268**	12 078
VAT	**10 439**	10 713

* Restated, see note 32.

Securitisation of assets
Refer to note 33 which relates to the securitisation pool for the benefit of the Group's lenders.

18 Stated capital

	Group 2015 R000's	Group 2014 R000's
Authorised		
10 000 000 000 (2014: 10 000 000 000) ordinary shares at no par value	**–**	–
Each ordinary share has the right to one vote at general meetings.		
Issued stated capital		
560 811 872 (2014: 120) ordinary shares of no par value	**1 716 713**	–
Balance at the beginning of the year 120 (2014: 0)	**–**	–
Issued during the year 560 811 752 (2014: 120)	**1 716 713**	–
	1 716 713	–
Common control stated capital		
Nil (2014: 539 776 469) ordinary shares at no par value	**–**	1 496 346

Establishment of the Group
The Group was established as part of an internal restructure on 1 October 2014. The reorganisation of the Deneb businesses into the Group is a common control transaction as Hosken Consolidated Investments Limited (HCI) is the ultimate controlling entity before and after the reorganisation.

The consolidated financial statements of the Group are based on book value (carry-over basis) accounting, on the basis that the Deneb investments have simply been moved from one part of the Group to another. In applying book value accounting, Deneb has recognised the assets acquired and liabilities assumed using the book values in the financial statements of Seardel Investment Corporation Limited (Seardel).

Comparative information in the consolidated financial statements of Deneb was restated and the Group adjusted its current reporting period before the date of the transaction as if the combination had occurred before the start of the earliest period presented.

However, in the separate financial statements of Deneb Investments Limited, as it is a legal entity, the legal form of the transaction guided the accounting in its financial statements.

The above authorised and issued stated capital reflects the figures of the legal entity, Deneb Investments Limited.

Issue of shares
Current period
As part of the internal restructure 539 776 349 shares were issued by Deneb to Seardel Investment Corporation Limited (Seardel) on 1 October 2014.

Subsequent to the internal restructure 18 115 848 shares were issued by Deneb to Seardel on 10 November 2014 in exchange for R52,5 million in cash to ensure that Deneb was appropriately capitalised prior to the listing and unbundling.

Deneb listed on the JSE Limited on 1 December 2014 by unbundling from Seardel. Seardel shareholders were entitled to receive 12,91952 Deneb shares for every 100 Seardel shares. No fractions of shares were issued and Deneb shares were issued based on the rounding principle. Accordingly 64 shares were delisted on 1 December 2014 due to rounding.

During the period 2 919 619 shares were issued in terms of the Group's share incentive scheme.

Prior period
Deneb was incorporated on 4 June 2013 with 120 ordinary shares.

Common control stated capital
The internal restructure transaction was accounted for as if it occurred before 1 April 2013. The "common control stated capital" reflect the stated capital had the shares been issued before 1 April 2013.

For further information see "Basis of preparation" in note 1 of the accounting policy.

Reserved under options – see note 35
28 146 932 ordinary shares of no par value each have been placed under the control of the directors, who are authorised to allot and issue all or any of such shares in accordance with the terms and conditions of The Deneb Share Incentive Scheme Plan and any amendments thereto.

The remainder of the unissued shares are under the control of the directors until the next annual general meeting.

19 Post-employment medical aid benefits

General description of plan

The post-employment subsidy policy is summarised below:

- Qualifying medical scheme members who joined any of the companies within the Group before 1 July 1996 are eligible for a 50% retirement subsidy of their total medical scheme contributions.
- Dependants of eligible continuation members receive a subsidy before and after the death of the principal member.
- If a member eligible for a retirement subsidy dies in service, his/her dependants are eligible for a subsidy of medical scheme contributions as described above.

	2015 000's	2014* 000's
Amounts recognised in the statement of profit or loss:		
Current service cost	**444**	444
Interest on the obligation	**8 178**	7 654
Total included in staff costs	**8 622**	8 098
Reconciliations in the net liability recognised in the statement of financial position are as follows:		
Liability at the beginning of the year	**97 460**	89 433
Net expense recognised in profit or loss	**8 622**	8 098
Contributions from employer	**(6 524)**	(6 036)
Actuarial losses/(gains) recognised in other comprehensive income – changes from financial assumptions	**9 549**	5 965
Liability in the statement of financial position	**109 107**	97 460
Represented by		
Liability due within 12 months	**6 413**	6 280
Liability due after 12 months	**102 694**	91 180
	109 107	97 460
Present value of unfunded obligations	**109 107**	97 460
Fair value of plan assets	**–**	–
Recognised liability for defined benefit obligations	**109 107**	97 460

No reconciliation of the opening and closing balances of the plan assets is provided as there are no plan assets.

The net cumulative actuarial loss recognised in other comprehensive income is R17,85 million.

* Restated, see note 32.

Forecast reconciliation of the plan to 31 March 2016 is as follows:

	2016 R000's
Liability at 31 March 2015	109 107
Net expense in the statement of profit or loss	9 545
Contributions	(6 673)
Forecast liability at 31 March 2016	111 979

Trend information

	2015 R000's	2014* R000's	2013* R000's	2012* R000's	2011* R000's
Present value of obligations	**109 107**	97 460	89 433	79 307	71 233

		2015	2014*
The principal actuarial assumptions at the reporting date:			
Discount rate	(%)	**8,30**	8,70
Medical inflation	(%)	**8,60**	8,40
Sensitivity of results			
A 1% increase in medical aid inflation would result in:			
An increase in the accrued liability of	(R000's)	**13 274**	11 028
	(%)	**12,20**	11,30
An increase in the service and interest cost of	(R000's)	**1 212**	1 059
	(%)	**12,70**	12,30
A 1% decrease in medical aid inflation would result in:			
A decrease in the accrued liability of	(R000's)	**(11 164)**	(9 303)
	(%)	**(10,20)**	(9,50)
A decrease in the service and interest cost of	(R000's)	**(1 013)**	(888)
	(%)	**(10,60)**	(10,30)
A 1% decrease in the discount rate would result in:			
An increase in the accrued liability of	(R000's)	**13 449**	11 515
	(%)	**12,30**	11,80
A 1% increase in the discount rate would result in:			
A decrease in the accrued liability of	(R000's)	**(11 098)**	(9 547)
	(%)	**(10,20)**	(9,80)

* Restated, see note 32.

20 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above 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 and separate financial statements.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has established a risk committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

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 audit committee.

Interest-bearing liabilities

			Group	
Interest-bearing liabilities	Final repayment dates	Average rate of interest p.a.	2015 R000's	2014* R000's
Secured				
Instalment sale and finance lease agreements	2019	9 to 11	**4 481**	5 751
			4 481	5 751
Unsecured				
HCI Treasury Proprietary Limited**	2017	Prime	**33 920**	–
Deposit held for rentals	2021	Prime	**–**	4 508
Contingent payments relating to business combinations	2016	9,05	**9 462**	9 592
			43 382	14 100
Total interest-bearing liabilities			**47 863**	19 851
Current portion of interest-bearing liabilities			**45 063**	3 193
Non-current portion of interest-bearing liabilities			**2 800**	16 658

* Restated, see note 32.

** The loan has no fixed terms of repayment.

Instalment sales and finance lease agreements are payable as follows:

	Principal R000's	Interest R000's	Gross instalments R000's
2015			
Less than one year	**2 148**	**247**	**2 395**
Between one and five years	**2 333**	**328**	**2 661**
	4 481	**575**	**5 056**
2014*			
Less than one year	3 193	332	3 525
Between one and five years	2 558	306	2 864
	5 751	638	6 389

Under the terms of the lease agreements, no contingent rentals are payable. Finance leases are repayable in monthly instalments.

Foreign currency management: Operating subsidiaries undertake transactions denominated in foreign currencies and hence exposure to exchange rate fluctuations arise. Material exchange rate exposure on imported goods, trade debtors/creditors, foreign currency assets and liabilities and capital equipment is hedged through the use of forward exchange contracts. Trade exports are hedged using forward exchange contracts and customer foreign currency accounts. Forward exchange contracts (FECs) are not used for speculative purposes.

FECs act as natural hedges and formal hedge accounting is not performed.

Interest rate management: The Group is exposed to interest rate risk as it borrows and places funds on the money market. This risk is managed by maintaining an appropriate mix of fixed and daily call placements with reputable financial institutions.

Credit risk management: Financial assets, which potentially subject the Group to concentrations of credit risk, consist principally of cash and cash equivalents, investments and receivables. A significant amount of the Group's trade debt is in respect of sales to retailers, in particular Amic Trading Proprietary Limited (R60,5 million (2014: R40,4 million)), Shoprite Holdings Limited (R15,4 million (2014: R8,0 million)), Massmart Limited (R46,3 million (2014: R37,9 million)) and Clicks Group Limited (R12,4 million (2014: R7,0 million)). The risk on cash and cash equivalents is managed through dealing with established financial institutions with high credit standing.

The vast majority of trade debtors relate to sales made in the local market, with R472 million (89%) (2014: R422 million (98,5%) being denominated in South African Rands.

Trade receivables denominated in USD accounted for 10,8% (2014: 0,8%) and those in EUR accounted for 0,1% (2014: 0,2%).

Receivables are presented net of impairment provisions. The risk arising on trade receivables is managed through a Group policy on the granting of credit limits, continual review and monitoring of these limits. The company is jointly and severally liable in respect of third-party liabilities incurred by subsidiary companies.

Capital 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 capital base of the business is viewed as being the shareholder equity and non-current liabilities amounting to R1 980,4 million (2014: R1 637,9 million).

Collateral
Finance lease receivable balances are secured over the electronic and office automation equipment leased. The Group does not hold any significant collateral other than electronic and office automation equipment securing finance lease receivable balances. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

During the period the Group did not obtain any assets by taking possession of any collateral held as security.

Repossessed electronic and office automation equipment is taken into stock and becomes available for lease or sale.

* Restated, see note 32.

20 Financial instruments (continued)

Financial risk management (continued)

	Group 2015 R000's	Group 2014* R000's
Allowances for credit losses		
The movement in the allowance for impairment in respect of trade receivables during the period was as follows:		
Opening balance	**3 682**	5 231
Written off as irrecoverable	**(303)**	(2 356)
Increased through business combinations	**–**	385
Disposal of subsidiary	**(73)**	–
Increase in allowance for impairment	**3 357**	1 610
Decrease in allowance for impairment	**(922)**	(1 188)
Closing balance	**5 741**	3 682
Past due but not impaired financial assets		
The following analysis reflects the aging of trade receivables as at year-end, which have exceeded their credit terms, but have not been impaired.		
30+ days	**55**	397
60+ days	**1 590**	196
90+ days	**16 752**	6 802
120+ days	**7 564**	2 496
	25 961	9 891
The following analysis reflects the aging and remaining value of trade receivables as at year-end, which are considered to have been impaired and against which an impairment for non-recovery has already been made.		
30+ days	**–**	–
60+ days	**–**	–
90+ days	**413**	101
120+ days	**3 010**	2 933
	3 423	3 034

In determining the impairments, the Group considered, inter alia, disputes with customers, untraceable and slow payers, long overdue accounts and customers placed under liquidation.

Cash flow and funding risk management
This risk is managed through cash flow forecasts and ensures that adequate borrowing facilities are maintained. In terms of the memorandum of incorporation, the Group's borrowing powers are unlimited, but in terms of the securitisation agreement cannot raise further funds without permission. Refer to note 26 for borrowing facilities.

Categories of financial assets
The carrying amount of financial assets, which also represents the maximum credit exposure and reasonably approximate their fair values, are as follows:

	Group 2015 R000's	Group 2014* R000's
Loans and receivables	**786 629**	622 842
Fair value through profit or loss (FECs)	**3 670**	2 640
Available for sale	**3 644**	43 709
	793 943	669 191

* Restated, see note 32.

Reconciliation with line items presented in the statement of financial position:

	Notes	Loans and receivables R000's	Fair value through profit or loss R000's	Available for sale R000's	Non-financial asset R000's	Total R000's
2015						
Investments		**–**		**3 644**	**–**	**3 644**
Long-term receivables		**182 040**		**–**	**–**	**182 040**
Trade and other receivables		**604 152**	**3 670**	**–**	**33 033**	**640 855**
Cash and cash equivalents		**437**		**–**	**–**	**437**
		786 629	**3 670**	**3 644**	**33 033**	**826 976**
2014*						
Investments		–		43 709	–	43 709
Long-term receivables		126 840		–	–	126 840
Trade and other receivables		492 422	2 640	–	32 776	527 838
Cash and cash equivalents		3 580		–	–	3 580
		622 842	2 640	43 709	32 776	701 967

Categories of financial liabilities	Group	
	2015 R000's	2014* R000's
The carrying amounts of financial liabilities, which also reasonably approximate their fair values, are as follows:		
Measured at amortised cost	**1 046 844**	1 014 558
	1 046 844	1 014 558

Reconciliation with line items presented in the statement of financial position:

	Measured at amortised cost R000's	Non-financial liability R000's	Total R000's
2015			
Interest-bearing liabilities – non-current	**2 800**	**–**	**2 800**
– current	**45 063**	**–**	**45 063**
Trade and other payables	**469 102**	**4 327**	**473 429**
Bank overdrafts	**529 879**	**–**	**529 879**
	1 046 844	**4 327**	**1 051 171**
2014*			
Interest-bearing liabilities – non-current	16 658	–	16 658
– current	3 193	–	3 193
Trade and other payables	456 923	1 544	458 467
Bank overdrafts	537 784	–	537 784
	1 014 558	1 544	1 016 102

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

20 Financial instruments (continued)

Maturity profile of financial instruments

Maturity profile of financial assets and liabilities at 31 March 2015 is summarised as follows:

	0 – 12 months R000's	1 – 3 years R000's	3 – 5 years R000's	Over 5 years R000's	Total R000's
2015					
Assets					
Investments	**–**	**3 644**	**–**	**–**	**3 644**
Long-term receivables	**–**	**191 073**	**–**	**–**	**191 073**
Trade and other receivables	**607 822**	**–**	**–**	**–**	**607 822**
Cash and cash equivalents	**437**	**–**	**–**	**–**	**437**
Total financial assets	**608 259**	**194 717**	**–**	**–**	**802 976**
Liabilities					
Interest-bearing borrowings	**45 063**	**2 800**	**–**	**–**	**47 863**
Trade and other payables	**464 773**	**–**	**–**	**–**	**464 773**
Bank overdrafts	**529 879**	**–**	**–**	**–**	**529 879**
Total financial liabilities – non-derivatives	**1 039 715**	**2 800**	**–**	**–**	**1 042 515**
Trade and other payables	**4 329**	**–**	**–**	**–**	**4 329**
Total financial liabilities – derivatives	**4 329**	**–**	**–**	**–**	**4 329**
Net financial (liabilities)/assets	**(435 785)**	**191 917**	**–**	**–**	**(243 868)**
2014*					
Assets					
Investments	–	43 709	–	–	43 709
Long-term receivables	–	126 840	–	–	126 840
Trade and other receivables	495 062	–	–	–	495 062
Cash and cash equivalents	3 580	–	–	–	3 580
Total financial assets	498 642	170 549	–	–	669 191
Liabilities					
Interest-bearing borrowings	3 193	16 658	–	–	19 851
Trade and other payables	448 901	–	–	–	448 901
Bank overdrafts	537 784	–	–	–	537 784
Total financial liabilities – non-derivatives	989 878	16 658	–	–	1 006 536
Trade and other payables	3 628	–	–	–	3 628
Total financial liabilities – derivatives	3 628	–	–	–	3 628
Net financial (liabilities)/assets	(494 864)	153 891	–	–	(340 973)

* Restated, see note 32.

Contractual undiscounted cash flows

	0 – 12 months R000's	1 – 3 years R000's	3 – 5 years R000's	Over 5 years R000's	Total R000's
2015					
Liabilities – contractual undiscounted cash flows					
Interest-bearing borrowings	**49 490**	**3 318**	**–**	**–**	**52 808**
Trade and other payables	**464 773**	**–**	**–**	**–**	**464 773**
Bank overdrafts	**582 010**	**–**	**–**	**–**	**582 010**
Total financial liabilities – non-derivatives	**1 096 273**	**3 318**	**–**	**–**	**1 099 591**
Trade and other payables	**4 329**	**–**	**–**	**–**	**4 329**
Total financial liabilities – derivatives	**4 329**	**–**	**–**	**–**	**4 329**
2014*					
Liabilities – contractual undiscounted cash flows					
Interest-bearing borrowings	3 488	18 199	–	–	21 687
Trade and other payables	448 901	–	–	–	448 901
Bank overdrafts	584 798	–	–	–	584 798
Total financial liabilities – non-derivatives	1 037 187	18 199	–	–	1 055 386
Trade and other payables	3 628	–	–	–	3 628
Total financial liabilities – derivatives	3 628	–	–	–	3 628

Fair value of financial instruments
The fair value of short-term financial assets and liabilities approximate their carrying values as disclosed in the statement of financial position.

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

20 Financial instruments (continued)

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying value				
	Notes	Loans and receivables R000's	Fair value through profit or loss R000's	Available for sale R000's	Measured at amortised cost R000's	Total R000's
2015						
Financial assets measured at fair value						
Equity securities	13	**–**	**–**	**3 644**	**–**	**3 644**
Forward exchange contracts	17	**–**	**3 670**	**–**	**–**	**3 670**
		–	**3 670**	**3 644**	**–**	**7 314**
Financial assets not measured at fair value						
Long-term receivables	14	**182 040**	**–**	**–**	**–**	**182 040**
Trade and other receivables	17	**604 152**	**–**	**–**	**–**	**604 152**
Cash and cash equivalents		**437**	**–**	**–**	**–**	**437**
		786 629	**–**	**–**	**–**	**786 629**
Financial liabilities not measured at fair value						
Instalment sale and finance lease agreements		**–**	**–**	**–**	**(4 481)**	**(4 481)**
Unsecured loans		**–**	**–**	**–**	**(43 382)**	**(43 382)**
Trade and other payables	21	**–**	**–**	**–**	**(469 102)**	**(469 102)**
Bank overdrafts	26	**–**	**–**	**–**	**(529 879)**	**(529 879)**
		–	**–**	**–**	**(1 046 844)**	**(1 046 844)**
2014*						
Financial assets measured at fair value						
Equity securities	13	–	–	43 709	–	43 709
Forward exchange contracts	17	–	2 640	–	–	2 640
		–	2 640	43 709	–	46 349
Financial assets not measured at fair value						
Long-term receivables	14	126 840	–	–	–	126 840
Trade and other receivables	17	492 422	–	–	–	492 422
Cash and cash equivalents		3 580	–	–	–	3 580
		622 842	–	–	–	622 842
Financial liabilities not measured at fair value						
Instalment sale and finance lease agreements		–	–	–	(5 751)	(5 751)
Unsecured loans		–	–	–	(14 100)	(14 100)
Trade and other receivables	21	–	–	–	(456 923)	(456 923)
Bank overdrafts	26	–	–	–	(537 784)	(537 784)
		–	–	–	(1 014 558)	(1 014 558)

* Restated, see note 32.

Fair value			
Level 1 R000's	Level 2 R000's	Level 3 R000's	Total R000's
315	**3 329**	**–**	**3 644**
–	**3 670**	**–**	**3 670**
315	**6 999**	**–**	**7 314**
40 380	3 329	–	43 709
–	2 640	–	2 640
40 380	5 969	–	45 349

Notes to the financial statements

for the year ended 31 March (continued)

20 Financial instruments (continued)

Reclassification of financial assets

No financial assets were reclassified from fair value to cost or amortised cost or vice versa during the year.

Pledges of financial assets

No financial assets were pledged as collateral for liabilities or contingent liabilities.

Determination of fair value for financial assets and liabilities

Receivables are impaired based on the estimated credit losses on a debtor-by-debtor basis. Receivables and liabilities denominated in foreign currencies are restated based on the year-end exchange rate. Publically traded investments are revalued to their market values on an annual basis.

Included in the Group's trade receivable balances are debtors which are past due at the reporting date for which the Group has not been impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

	Group	
	2015 R000's	2014* R000's
These "past due, but not impaired debtors" amount to:	**25 961**	9 891

Derecognition of financial assets

There has been no transfer by the Group of financial assets to any outside party where such financial assets do not qualify for derecognition.

Defaults and breaches on loans

There were no breaches or defaults on the repayment of any loans payable during the current or prior period.

Market risk

Market risk is the risk that changes in the market prices such as foreign exchange rates and equity prices will affect the Group's income or the value of its holding of financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the importation of electronic equipment, toys, finished goods and raw materials; and
- interest rate caps to mitigate the risk of rising interest rates.

The fair value of the derivatives at year-end, determined by marking to market of contracts amounted to:	**(660)**	(988)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Adequate liquidity is managed through the use of cash flow forecasts and by the maintenance of adequate borrowing facilities.

The Group is exposed to a number of risks, including market risk (including currency 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 derivative financial instruments to hedge these risk exposures. The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

Sensitivity analysis

Equity price sensitivity analysis

The Group faces equity risk in that it held an investment in Seardel Investment Corporation and holds an investment in Business Partners as disclosed under the investments note.

Foreign currency sensitivity analysis

The Group is exposed to foreign currency risk in the form of trade receivables and trade payables denominated in foreign currencies, as well as related forward exchange contracts and customer foreign currency accounts. Details of the Group's exposure in this regard are contained in note 28 of these financial statements.

Interest rate sensitivity analysis

At year-end the Group's net interest-bearing borrowings amounted to R577 million (2014: R540 million). In the main the interest rates applicable to these loans are variable. Consequently, in the event of a 10% change in interest rates, (i.e. an increase of 0,9%) there will be an additional interest charge of R5,19 million (2014: R4,9 million) before tax.

* Restated, see note 32.

21 Trade and other payables

	Group	
	2015 R000's	2014* R000's
Trade payables	**300 957**	263 390
Fair value of outstanding foreign exchange contracts	**4 329**	3 628
Accruals and other current liabilities	**168 143**	191 449
Shareholders for dividend	**–**	–
	473 429	458 467
The operating lease accrual is payable as follows:		
Less than one year (included under trade and other payables)	**670**	102
Between one and five years (shown separately as operating lease accruals on the statement of financial position)	**925**	241
	1 595	343
Trade and other payables acquired through business combination (refer to note 24)	**6 673**	10 791

22 Government grants

	2015 R000's	2014* R000's
Receivable balance for government grants brought forward	**33 875**	39 456
Total income from government grants, included in other income, recognised during the year amounted to	**34 860**	33 875
Total cash received during the year from government grants amounted to	**(30 249)**	(39 456)
Amount outstanding as at year-end	**38 486**	33 875

The government grants received related to the Production Incentive Scheme established by the Department of Trade and Industry. The receivable is disclosed under trade and other receivables.

There are no unfulfilled conditions or contingencies relating to the government assistance recognised.

* Restated see note 32.

23 Provisions

	Group	
	2015 R000's	**2014* R000's**
Restructuring and retrenchment costs		
Carrying amount at the beginning of the year	**23 116**	355
Additional provisions made in the year, including increases to existing provisions	**–**	23 309
Unused amounts reversed during the year	**–**	(6)
Amounts utilised during the year	**(23 116)**	(542)
Carrying amount at the end of year	**–**	23 116

* Restated see note 32.

During the prior period the directors resolved to exit the Group's apparel manufacturing business through the closure of its Western Cape and KwaZulu-Natal operations. The Group sold the apparel manufacturing business to an associate company of SACTWU.

These prior period provisions relate to management's restructuring plans and were implemented or already implemented during the current financial period.

24 Business combinations

Subsidiaries acquired through the year

Subsidiary name	Acquisition date	Segment	Description	% voting interest	Revenue contri-buted to the Group R000's	Net profit/ (loss) contri-bution to the Group R000's	Revenue contri-buted to the Group had the acquisition been effective 1 April 2014 R000's	Net profit/ (loss) contri-bution to the Group had the acquisition been effective 1 April 2014 R000's
2015								
Limtech Biometric Solutions Proprietary Limited	1 Apr 2014	Branded Product Distri-bution	Provider of access security solutions, specialising in biometric fingerprint recognition	100%	**10 597**	**(859)**	**10 597**	**(859)**
Deneb Invest 141 Holdco Proprietary Limited (Office Box)	1 Aug 2014	Branded Product Distri-bution	Online distributor of stationery	51%	**8 499**	**(1 496)**	**8 499**	**(1 496)**
2014*								
Clever Little Monkey Proprietary Limited	1 Aug 2013	Branded Product Distribution	Online furniture and decor shop	100%	2 898	(318)	2 898	(318)
Custom Extrusion Proprietary Limited	1 July 2013	Industrial	Extrusion and weaving of polypropylene	100%	66 888	6 637	89 685	8 898

* Restated, see note 32.

24 Business combinations (continued)

Consideration transferred

The following table summarises the consideration paid for the entities and the amount of the assets acquired and liabilities assumed that were recognised at the acquisition date.

Consideration	Branded Products R000's	Industrials R000's	Total R000's
2015			
Contingent consideration	**1 400**	**–**	**1 400**
Total consideration	**1 400**	**–**	**1 400**
2014*			
Cash	500	–	500
Contingent consideration	786	8 106	8 892
Own shares issued	–	17 108	17 108
Total consideration	1 286	25 214	26 500

* Restated, see note 32.

Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owners a fixed amount based on future operational profits. The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between RNil and R1 530 000 (2014: between RNil and R14 500 000).

The fair value of the contingent consideration arrangement of R1 400 000 (2014: R12 677 912) was estimated by applying a discount rate of 9,25% (2014: 9,05%).

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Branded Product Distribution R000's
Recognised amounts of identifiable assets acquired and liabilities assumed	
2015	
Property, plant and equipment	**93**
Inventories	**701**
Trade and other receivables	**3 211**
Cash and cash equivalents	**256**
Trade and other payables	**(6 673)**
Bank overdrafts	**(70)**
Total identifiable net assets	**(2 482)**
Less non-controlling interest	**815**
Goodwill	**3 067**
Total consideration	**1 400**

	Branded Product Distribution R000's	Industrials R000's	Total R000's
Recognised amounts of identifiable assets acquired and liabilities assumed			
2014*			
Property, plant and equipment	11	11 905	11 916
Long-term receivables	–	93	93
Inventories	96	8 305	8 401
Trade and other receivables	48	13 032	13 080
Cash and cash equivalents	58	–	58
Deferred liabilities	–	(3 707)	(3 707)
Deferred tax liability	–	(1 023)	(1 023)
Trade and other payables	(111)	(11 506)	(11 617)
Interest-bearing liability	–	(8 628)	(8 628)
Bank overdrafts	–	(4 727)	(4 727)
Total identifiable net assets	102	3 744	3 846
Common control reserve	–	8 450	8 450
Goodwill	1 184	13 020	14 204
Total consideration	1 286	25 214	26 500

Cash flow from this investing activity

	Branded Product Distribution R000's
2015	
Add cash and cash equivalents in the business acquired	**256**
Less overdraft in the business acquired	**(70)**
Net cash inflow from investing operations	**186**

	Branded Product Distribution R000's	Industrials R000's	Total R000's
2014*			
Cash consideration transferred	(500)	–	(500)
Less cash and cash equivalents in the business acquired	58	–	58
Add overdraft in the business acquired	–	(4 727)	(4 727)
Net cash inflow from investing operations	(442)	(4 727)	(5 169)

* Restated, see note 32.

Goodwill

The goodwill is attributable mainly to intangible assets that are either not separable or cannot be valued reliably as per IFRS 3. This includes non-competition agreements, customer lists, production backlog, lease agreements, employment contracts, databases, patented/unpatented technology, computer software, service or supply contracts, and service contracts.

25 Leases

	Group Nominal amount 2015 R000's	2014* R000's
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	**19 240**	14 285
Between one and five years	**36 565**	35 465
	55 805	49 750
Non-cancellable operating lease rentals are receivable as follows:		
Less than one year	**95 111**	90 127
Between one and five years	**190 858**	435 529
More than five years	**9 568**	206 382
	295 537	732 038

*Restated, see note 32.

No future sublease payments are expected to be received under non-cancellable subleases.

No contingent rentals were recognised as income in the period.

The Group leases a number of premises as distribution warehouses, factory and retail facilities, as well as office equipment, motor vehicles and forklifts under operating leases.

26 Borrowing facilities

	2015 R000's	2014* R000's
Available facilities	**825 000**	837 500
Net utilised	**(588 363)**	(650 697)
Unutilised balance	**236 637**	186 803

These facilities have been secured in terms of note 33.

* Restated, see note 32.

27 Directors' emoluments

Paid by a subsidiary company Name	Salary R000's	Bonus R000's	Retirement and medical contri-butions R000's	Share option expense R000's	Directors' fees R000's	Total R000's
2015						
Executive directors* **						
S A Queen* (Chief Executive Officer)	**3 551**	**3 201**	**–**	**3 190**	**–**	**9 942**
A M Ntuli	**886**	**75**	**172**	**–**	**–**	**1 133**
G D T Wege	**1 657**	**1 711**	**248**	**1 052**	**–**	**4 668**
D Duncan	**2 565**	**1 581**	**312**	**11**	**–**	**4 469**
	8 659	**6 568**	**732**	**4 253**	**–**	**20 212**
Non-executive directors						
J Copelyn (Chairman)**	**–**	**–**	**–**	**–**	**144**	**144**
M H Ahmed	**–**	**–**	**–**	**–**	**167**	**167**
L Govender	**–**	**–**	**–**	**–**	**–**	**–**
T G Govender**	**–**	**–**	**–**	**–**	**103**	**103**
N B Jappie	**–**	**–**	**–**	**–**	**75**	**75**
R D Watson	**–**	**–**	**–**	**–**	**145**	**145**
Y Shaik**	**–**	**–**	**–**	**–**	**144**	**144**
	–	**–**	**–**	**–**	**778**	**778**
Executive committee members						
Executive 1	**1 421**	**560**	**54**	**204**	**–**	**2 239**
Executive 2	**1 742**	**3 799**	**208**	**–**	**–**	**5 749**
	3 163	**4 359**	**262**	**204**	**–**	**7 988**
						28 978
2014						
Executive directors* **						
S A Queen* (Chief Executive Officer)	3 345	–	–	2 054	–	5 399
A M Ntuli	841	71	157	–	–	1 069
G D T Wege	1 556	–	233	435	–	2 224
D Duncan	2 394	–	291	293		2 978
	8 136	71	681	2 782	–	11 670
Non-executive directors						
J Copelyn (Chairman)**	–	–	–	–	136	136
N N Lazarus (Deputy Chairman)	–	–	–	–	43	43
M H Ahmed	–	–	–	–	136	136
L Govender	–	–	–	–	–	–
T G Govender**	–	–	–	–	97	97
N B Jappie	–	–	–	–	–	–
R D Watson	–	–	–	–	117	117
Y Shaik	–	–	–	–	157	157
	–	–	–	–	686	686
Executive committee members						
Executive 1	1 888	–	62	82	–	2 032
Executive 2	1 658	3 000	186	287	–	5 131
	3 546	3 000	248	369	–	7 163
						19 519

Notes to the financial statements

for the year ended 31 March (continued)

27 Directors' emoluments (continued)

Additional disclosure in terms of the share options granted during the year:

	Opening balance of share options 000's	Number of share options awarded during the year 000's	Number of shares exercised 000's	Number of shares can-celled	Closing balance of share options 000's	Strike price of share options awarded R	Exercised price of shares exercised R
2015							
Deneb Investments Limited options							
Executive directors***							
S A Queen* (Chief Executive Officer)	–	6 469	(1 735)	–	4 734	0,93	2,10
A M Ntuli	–	–	–	–	–	–	–
G D T Wege	–	3 052	(375)	–	2 677	1,01	2,10
D Duncan	–	2 627	–	–	2 627	1,54	–
Non-executive directors							
J Copelyn (Chairman)**	–	–	–	–	–	–	–
N B Jappie	–	–	–	–	–	–	–
L G Govender	–	–	–	–	–	–	–
M H Ahmed	–	–	–	–	–	–	–
T G Govender**	–	–	–	–	–	–	–
R D Watson	–	–	–	–	–	–	–
Y Shaik	–	–	–	–	–	–	–
Executive committee members							
Executive 1	–	1 192	–	–	1 192	1,31	–
Executive 2	–	1 315	(232)	–	1 083	1,53	2,10
Seardel Investment Corporation Limited options							
Executive directors							
S A Queen (Chief Executive Officer)	8 820	–	(2 000)	(6 820)	–	–	1,79
A M Ntuli	–	–	–	–	–	–	–
G D T Wege	2 773	–	–	(2 773)	–	–	–
D Duncan	2 047	–	(700)	(1 347)	–	–	1,79
Non-executive directors							
J Copelyn (Chairman)	–	–	–	–	–	–	–
N B Jappie	–	–	–	–	–	–	–
L G Govender	–	–	–	–	–	–	–
M H Ahmed	–	–	–	–	–	–	–
T G Govender	–	–	–	–	–	–	–
R D Watson	–	–	–	–	–	–	–
Y Shaik	–	–	–	–	–	–	–
Executive committee members							
Executive 1	1 086	–	(250)	(836)	–	–	1,90
Executive 2	1 549	–	(699)	(850)	–	–	1,80

	Opening balance of share options 000's	Number of share options awarded during the year 000's	Number of shares exercised 000's	Closing balance of share options 000's	Strike price of share options awarded R	Exercised price of shares exercised R
2014****						
Seardel Investment Corporation Limited options						
Executive directors***						
S A Queen* – (Chief Executive Officer)	8 820	–	–	8 820	–	–
A M Ntuli	–	–	–	–	–	–
G D T Wege	3 523	–	(750)	2 773	–	2,75
D Duncan	2 572	–	(525)	2 047	–	2,75
Non-executive directors						
J Copelyn (Chairman)**	–	–	–	–	–	–
N B Jappie	–	–	–	–	–	–
L G Govender	–	–	–	–	–	–
M H Ahmed	–	–	–	–	–	–
T G Govender**	–	–	–	–	–	–
R D Watson	–	–	–	–	–	–
Y Shaik	–	–	–	–	–	–
Executive committee members						
Executive 1	1 086	–	–	1 086	–	–
Executive 2	2 205	–	(656)	1 549	–	2,60

* The remuneration of S A Queen is included in the managerial services provided by HCI referred to in note 30, Related parties.

** Ceded to HCI.

*** There is no distinction made in the remuneration packages of executive directors for services as directors and services for carrying on the business of the Group and/or subsidiary companies.

**** These options relate to the Seardel Investment Corporation Limited share options.

† Resigned.

For the interest of directors in the company's share capital, please refer to the Analysis of shareholders.

Directors' interest in contracts is disclosed in note 30, Related parties.

Refer to the Remuneration Report for amounts paid to directorate by related parties.

28 Foreign currency commitments

	Currency	Uncovered R000's	Covered R000's	Total R000's
2015				
Foreign currency monetary items are as follows:				
Foreign receivables	AUD	**518**	**–**	**518**
	EUR	**834**	**–**	**834**
	USD	**58 233**	**19 118**	**77 351**
		59 585	**19 118**	**78 703**
Foreign payables	AUD	**–**	**–**	**–**
	EUR	**832**	**891**	**1 723**
	GBP	**873**	**11**	**884**
	USD	**65 438**	**14 616**	**80 054**
	CHF	**–**	**66**	**66**
		67 143	**15 584**	**82 727**

Sensitivity analysis: A 10% strengthening of the Rand would result in the uncovered receivables to be collected being reduced by R5 958 500 while the uncovered payables balance would decrease by R6 714 300 resulting in a net gain of R755 800. A weakening of the Rand by 10% would have an equal, but opposite effect.

	Currency	Uncovered R000's	Covered R000's	Total R000's
2014*				
Foreign currency monetary items are as follows:				
Foreign receivables	AUD	–	882	882
	EUR	–	10 066	10 066
	USD	–	237 735	237 735
	GBP	–	–	–
		–	248 683	248 683
Foreign payables	AUD	–	881	881
	EUR	–	928	928
	GBP	–	624	624
	USD	–	76 135	76 135
		–	78 568	78 568

Sensitivity analysis: All foreign currency receivables and payables were covered at year-end. Foreign exchange contracts are used as a natural hedge and hedge accounting was not applied.

The exchange rates were as follows:

	Spot – 31 March 2015 R	Spot – 31 March 2014 R	Average for the period R
AUD	**9,29000**	9,77265	9,65970
EUR	**13,04070**	14,54890	14,00190
GBP	**18,00060**	17,54790	17,81690
USD	**12,14780**	10,54550	11,06300

*Restated, see note 32.

29 Commitments

	Capital expenditure		Contractual commitments	
	2015 R000's	2014* R000's	2015 R000's	2014* R000's
Investment property	42 387	37 499	39 435	2 152
Land and buildings	–	196	–	–
Plant and equipment	57 189	29 255	–	14 578
Intangible assets	19 608	5 071	–	21 000
Business combinations	1 400	26 500	–	–
	120 584	98 521	39 435	37 730

The capital commitments are expected to be incurred during the remainder of the current financial year.

30 Related parties

Transactions between Group companies

Transactions between Group companies: During the year, in the ordinary course of business, certain companies within the Group entered into transactions with one another. These intra-group transactions have been eliminated on consolidation.

Transactions with Hosken Consolidated Investments Limited (HCI) (ultimate holding company), entities in which HCI has an interest and SACTWU (shareholder)

	Transaction values for the year ended 31 March		Balance outstanding as at 31 March	
	Income/(Expense)		Balance receivable/(owing)	
	2015 R000's	2014* R000's	2015 R000's	2014* R000's
SACTWU – disposal of apparel manufacturing operation (refer to note 8)	7 508	(31 260)	68 070	107 588
SACTWU – loan advance relating to the disposal of the apparel manufacturing operation (refer to note 8)	–	(957)	–	(30 957)
HCI – loan advanced from HCI during the year	(2 963)	(2 499)	(33 920)	–
HCI – loan advanced to HCI during the year	5 003	–	55 003	–
Management fees paid				
HCI – managerial and secretarial services	(3 850)	(4 200)	(399)	(10 195)
Management fees received				
Formex Industries – a subsidiary of HCI	1 296	1 296	–	–
Managerial services to HCI	813	617	–	–

* Restated, see note 32.

Disposal of apparel manufacturing operation to SACTWU

During the period the Group disposed of its South African apparel manufacturing operation and advanced on loan account an amount equal to the purchase price to SACTWU. The loan attracts interest at prime and will be repaid out of any cash payments or distributions receivable by SACTWU from Seardel or HCI.

HCI loan

Loans between HCI and the Group attracted interest at prime.

The loan advanced to HCI during the year has no fixed terms of repayment and by mutual agreement the loan will not be recalled before 31 March 2016.

The loan advanced from HCI during the year has no fixed terms of repayment.

30 Related parties (continued)

Transactions with companies with common directors

	Transaction values for the year ended 31 March		Balance outstanding as at 31 March	
	Income/(Expense)		Balance receivable/(owing)	
	2015 R000's	2014* R000's	2015 R000's	2014* R000's
Sale of goods and services				
Zenzeleni Clothing – a company of which J Copelyn, K Govender and A Ntuli are directors	**5 527**	8 930	**1 633**	2 053

Remuneration of key management personnel
Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the Group. The remuneration (all short-term benefits) paid by the Group to its key management personnel is as follows:

	2015 R000's	2014* R000's
Basic	**57 301**	42 291
Provident fund	**2 511**	2 273
Medical aid	**677**	617
	60 489	45 181

* Restated, see note 32.

A share incentive scheme has been implemented for key management personnel. See note 35 for further details.

The percentage of shares held by directors of the company and their related entities at the reporting date are disclosed in the Analysis of shareholders report on page 127.

31 Contingencies

There are no material contingencies at the date of signing this report.

32 Change in comparatives

Reconciliation between assumptions used in the Pre-listing statement and the comparative results of Deneb for the year ended 31 March 2014

The Group did not prepare consolidated financial statements in the normal course of business up to and including 31 March 2014.

Accordingly, carve-out historical information was prepared for the Pre-listing statement published on 21 November 2014 on a basis of extracting historical assets, liabilities, revenue and expenses reflected in the consolidated financial statements of Seardel and preparing it as a standalone Group.

Our auditors issued an audit report on the information presented in the Pre-listing statement.

Book value accounting requires the assets acquired and the liabilities assumed through the internal reorganisation to be accounted for using the book values in the consolidated financial statements of the transferor, Seardel.

The following assumptions were used and listed in the basis of preparing of the Pre-listing statement:

Taxation

Carve-out historical information in the Pre-listing statement assumed that the deferred tax asset in Seardel Group Trading is fully recoverable. This assumption was applied retrospectively from 31 March 2011 as noted in the basis of preparation.

The assets acquired through the reorganisation were accounted for at the book value in the financial statements of Seardel. The deferred tax asset in Seardel Group Trading was assessed as fully recoverable and released in the current period in financial statements.

Financial effect	Pre-listing statement 2014 R000's	Deneb financial statements 2014 R000's
Statement of financial position Dr/(Cr)		
Deferred tax asset	141 399	58 738
Statement of profit or loss and other comprehensive income		
Income/(expenses)	(15 506)	21 228

Discontinued operations

Operations classified as discontinued operations at 31 March 2014 in the consolidated financial statements of Seardel consisted of the apparel manufacturing businesses which were disposed of to a third party as a going concern during the period ended 31 March 2014.

For the purpose of the preparation of the carve-out historical financial information of the Pre-listing statement it was assumed that the sale of the apparel businesses took place on 31 March 2011. Accordingly, no discontinued operations were disclosed in the statement of profit or loss and other comprehensive income in the Pre-listing statement.

Assets and liabilities of the business that were not part of the sale were disclosed as “Net receivables from discontinued operations” in the Pre-listing statement (refer to note 35 of the Pre-listing statement).

Deneb’s financial statements used book value accounting and therefore the sale occurred during the 2014 financial period and the assets and liabilities were disclosed on the line items as per Seardel’s financial statements.

32 Change in comparatives (continued)

Financial effect	Pre-listing statement 2014 R000's	Deneb financial statements 2014 R000's
Statement of financial position Dr/(Cr)		
Loans receivable from SACTWU	–	76 631
Trade and other receivables	–	56 777
Trade and other payables	–	(57 712)
Provisions	–	(23 309)
Net receivable from discontinued operations	52 387	–
Net assets and liabilities	52 387	52 387
Statement of profit or loss and other comprehensive income		
Loss from discontinued operations, net of tax	–	(159 902)

Further more, the factory shops of the apparel manufacturing business were discontinued during the period ended 31 March 2015 accordingly, the comparative figures in March 2014 were restated. During the period in which the Pre-listing statement was issued the factory shops were still considered continued operations.

Statement of profit or loss and other comprehensive income		
Revenue	23 195	–
Gross profit	6 268	–
Net loss included in continued operations	(5 151)	–
Loss from discontinued operations, net of tax	–	(5 151)
Consolidated loss from discontinued operations, net of tax	–	(165 053)

Share-based benefits

With effect from 1 October 2014 the participants of the Seardel Share Incentive Scheme had no further rights under the scheme and all unvested share options issued in terms of the scheme have lapsed. This is as a result of the change in control of the relevant employer company which came about as a result of the disposal of shareholding by Seardel to Deneb.

The Deneb Share Incentive Scheme was established on 10 October 2014.

Seardel required the subsidiaries to make payment in respect of the rights issued to scheme participants. This type of intra-group payment arrangement is commonly referred to as a "recharge arrangement".

The Pre-listing statements assumed that Deneb had already received the receivable owing by the subsidiaries of the Group as a result of the recharge arrangement.

In the financial statement of Deneb this share-based liability is shown separately on the face of the statement of financial position as at 31 March 2014 as it was only transferred from Seardel to Deneb on 1 October 2014.

Financial effect	Pre-listing statement 2014 R000's	Deneb financial statements 2014 R000's
Statement of financial position Dr/(Cr)		
Share-based liability	–	(35 631)

Shares in Seardel Investment Corporation held by Seardel Group Trading
All shares held by Seardel Group Trading in Seardel were disclosed as treasury shares in the Seardel consolidated financial statements.

In the Deneb financial statements these shares were disclosed as investments and revalued to fair value through equity at each period-end.

The shares were distributed as a dividend in specie to Seardel on 10 November 2014 at a value of R43,43 million.

Statement of Financial Position Dr/(Cr)		
Investments	–	40 065
Statement of profit or loss and other comprehensive income		
Fair value adjustment on available for sale, net of tax	–	12 260

Reconciliation between the Pre-listing statement and the Deneb financials for the period ended 31 March 2014 based on the above assumptions

	Statement of profit or loss and other compre-hensive income R000's	Weighted average number of shares 000's	Earnings/ loss per share R
Pre-listing statement profit	133 973	539 776	24,82
Continuing operations	133 973		24,82
Discontinued operations	–		–
Taxation	36 734		6,81
Discontinued operations – apparel manufacturing business	(159 901)		(29,62)
Factory shops restated as discontinued operations	–		–
Deferred tax through income statement due to fair value of investments	1 868		0,35
Deneb financial statement profit	12 674		2,35
Continued operations	177 727		32,93
Discontinued operations	(165 053)		(30,58)

33 Securitisation of assets

The security has been provided to a special purpose company (Seardel Security Proprietary Limited), which has guaranteed the obligations of the Group companies in favour of the lenders and which, in turn, is indemnified by Group companies.

Name of entity (Security grantor)	**Security cession**	**Bond (Type, amount and subject-matter)**
Nyenye Clothing Manufacturers (Pty) Ltd	Yes	None
Val Hau et Cie (Pty) Ltd	Yes	None
Seartec Trading (Pty) Ltd	Yes	1. General Notarial Bond, R60 million
Seartec Industries (Pty) Ltd	Yes	None
Seartec (Pty) Ltd	Yes	None
Seardel Number 16 (Pty) Ltd	Yes	None
Prima Toy and Leisure Group (Pty) Ltd	Yes	None
Gold Reef Speciality Chemicals (Pty) Ltd	Yes	1) General Notarial Bond, R30 million
Seardel Group Trading (Pty) Ltd	Yes	1) General Notarial Bond, R1 billion; movable assets of Seardel Group Trading
		2) Special Notarial Bond, R300 million; movable assets of Seardel Group Trading
		3) Mortgage Bonds, R600 million; all immovable property owned by Seardel Group Trading
Frame Industrials (Pty) Ltd	Yes	1) General Notarial Bond, R5 million; movable assets of Frame Industrials
		2) Special Notarial Bond, R15 million; movable assets of Frame Industrials
Prima Toy and Leisure Trading (Pty) Ltd	Yes	General Notarial Bond, R50 million; movable assets of Prima Toy and Leisure Trading

Note

Security cession means a security cession in terms of which the security grantor cedes to the security SPV in securitatem debiti all of such security grantor's present and future rights and interest as security for the due, proper and timeous payment and performance in full of the security grantor's obligations under the Indemnity, on the terms of the written security cession signed on 21 November 2008 between the security SPV and the security grantor.

Indemnity means an irrevocable and unconditional indemnity given by the security grantor to the security SPV, indemnifying the security SPV in respect of any claim or liability of the security SPV arising under the guarantees which the security SPV has provided in respect of all monies and liabilities owing by the security grantor and other companies within the borrower group in connection with the banking facilities provided by the guaranteed parties to the borrower group and against any loss, damage, liability, costs or expenses of any nature which the security SPV may incur as a consequence of the occurrence of any event of default, on the terms of the written indemnity agreement signed on 21 November 2008 between the security SPV and the security grantor.

The impact of the above on the figures disclosed in the statement of financial position is as follows:

	Per statement of financial position R000's	Securitised R000's	Un-securitised R000's
2015			
Property, plant and equipment	**595 931**	**584 711**	**11 220**
Investment property	**766 804**	**766 804**	**–**
Intangible assets	**23 761**	**23 761**	**–**
Other investments	**3 644**	**3 644**	**–**
Long-term receivables	**182 040**	**181 882**	**158**
Inventories	**610 214**	**594 197**	**16 017**
Trade and other receivables	**640 855**	**624 588**	**16 267**
Non-current assets held for sale	**57 933**	**57 933**	**–**
2014*			
Property, plant and equipment	622 082	610 529	11 553
Investment property	669 619	669 619	–
Intangible assets	9 197	9 197	–
Other investments	43 709	43 709	–
Long-term receivables	126 840	126 747	93
Inventories	536 471	522 376	14 095
Trade and other receivables	527 838	519 515	8 323
Non-current assets held for sale	54 536	54 536	–

* Restated, see note 32.

34 Post-year-end events

Property situated on 1 Moorsom Avenue, Epping, Cape Town which was disclosed under assets held for sale in the current period, has been sold subsequent to year-end. The property was sold for R42,3 million.

Subsequent to year-end the directors concluded an agreement to purchase a property situated at 11B Riley Road, Bedfordview, Johannesburg for R22,6 million.

35 Share incentive scheme

Basis of accounting
The Group was established as part of an internal restructure on 1 October 2014 where Seardel Investment Corporation Limited (Seardel) sold all its non-media assets to Deneb Investments Limited (Deneb). Deneb was unbundled and listed on the JSE Limited on 1 December 2014.

Seardel Investment Corporation Limited share incentive
Prior to 1 October 2014 the Group was part of Seardel. Certain of the directors and senior management of the Group were provided with the opportunity to acquire ordinary shares in Seardel through the Seardel Share Incentive Scheme. With effect from 2 October 2014 the participants of the Seardel Share Incentive Scheme had no further rights under the scheme and all unvested share options issued in terms of the scheme lapsed.

The share incentive scheme for the period ending 31 March 2014 refers to the Seardel Investment Corporation Limited share scheme.

Deneb Investments Limited share incentive
The Deneb Share Incentive Scheme was established on 10 October 2014 and adopted by the company and the employer companies on 13 October 2014. An initial tranche of first allocation Deneb options were granted to those participants who were holders of unvested Seardel share options at 30 September 2014.

The share incentive scheme for the period ending 31 March 2015 refers to the Deneb Investments Limited share scheme.

Both options were accounted for as equity settled.

Deneb Investments Limited share incentive
(a) Equity settled

The Deneb Share Incentive Scheme was established on 10 October 2014.

The incentive plan provided selected employees with the opportunity to acquire ordinary shares in Deneb Investments Limited, thereby ensuring that such employees are encouraged and motivated to pursue continued growth and profitability of Group companies.

During the financial year 32 914 664 ordinary options (2014: Nil) were allotted in terms of the Deneb Incentive Plan.

The exercise of the options by the employees is subject to them meeting performance targets relating to the profitability of the relevant business unit or division or Group profitability, as well as the continued employment of the employee at the date on which the option is exercised, in which case the employee may exercise:

- 9 010 771 options issued on 14 October 2014 which refers to the Seardel options issued on 18 March 2010 and 16 July 2010 by Seardel and which vested immediately;
- 6 105 501 options issued on 14 October 2014 which relates to the 4 July 2011 issued Seardel options which vested on 4 July 2015;
- 7 235 388 options issued on 14 October 2014 relating to the 20 June 2012 issued Seardel options vest as follows:
  - up to 30% of the options granted vested immediately;
  - up to a further 30% of the option shares vest from the third anniversary date; and
  - the balance namely, 40% of the option shares, vest from the fourth anniversary date; and
- 10 563 004 options issued on 27 January 2015 which vest as follows from the grant date:
  - up to 10% of the option shares from the first anniversary of the option date;
  - up to a further 20% of the option shares from the second anniversary date;
  - up to a further 30% of the option shares from the third anniversary date; and
  - the balance namely, 40% of the option shares, from the fourth anniversary date.

(i) Options in issue are as follows:

Option holder	Grant date	Options issued	Strike price (cents)	Vesting conditions	Life of option
S A Queen	14 October 2014	–	–	Immediately	3 years
	14 October 2014	546 457	53	Immediately	3 years
	14 October 2014	1 382 584	96	Continued employment	4 years
	14 October 2014	1 713 759	139	Continued employment	5 years
	27 January 2015	1 091 401	184	2 years' profitability and continued employment	8 years
Total for S A Queen		4 734 201			
G D T Wege	14 October 2014	413 539	–	Immediately	3 years
	14 October 2014	227 691	53	Immediately	3 years
	14 October 2014	576 077	96	Continued employment	4 years
	14 October 2014	594 286	139	Continued employment	5 years
	27 January 2015	865 413	184	2 years' profitability and continued employment	8 years
Total for G D T Wege		2 677 006			
D Duncan	14 October 2014	–	–	Immediately	3 years
	14 October 2014	159 383	53	Immediately	3 years
	14 October 2014	403 254	96	Continued employment	4 years
	14 October 2014	499 846	139	Continued employment	5 years
	27 January 2015	1 564 245	184	2 years' profitability and continued employment	8 years
Total for D Duncan		2 626 728			
Other, not being directors	14 October 2014	3 532 655	–	Immediately	3 years
	14 October 2014	1 086 316	53	Immediately	3 years
	14 October 2014	3 195 569	96	Continued employment	4 years
	14 October 2014	3 252 512	139	Continued employment	5 years
	27 January 2015	7 041 945	184	2 years' profitability and continued employment	8 years
Total other		18 108 997			
Total options in issue		28 146 932			

35 Share incentive scheme (continued)

(ii) Reconciliation of movements in options

	2015	2014
Number of options		
Opening balance	–	–
Awarded during the period	32 914 664	–
Exercised during the period	(3 264 288)	–
Lapsed/forfeited during the period	(1 503 444)	–
Closing balance	28 146 932	–
Exercisable at year-end	5 966 041	–
Amount expensed during the year (included in employment costs)	6 261 203	–
Value of shares issued during the year	6 015 993	–
Weighted average share price of share options exercised during the year	1,84	–

The weighted average remaining contractual life of all potentially exercisable options amounts to 5,0 years.

(iii) Valuation methodology

The fair value of the options granted was determined as follows:

A stochastic model, based on the standard "binomial" option pricing model (which is mathematically consistent with the Black-Schöles-Merton model), but allows for the particular features of employee share options to be modelled realistically, was used.

The key principles of the Black-Schöles model are incorporated into this actuarial binomial model. They include:

- risk-neutral valuation;
- the underlying share price is assumed to follow a log-normal distribution of returns;
- stock returns are independently distributed;
- a risk-free return can be earned and is known in advance;
- the market is efficient and thus an investor cannot make risk-free profits; and
- the underlying share price follows a Markov process – i.e. where the share price has been in the past does not have a bearing on where it will go in the future. All relevant information is contained in the share price at the grant date.

It follows then that if the actuarial binomial model is being used to value a call option that:

- can only be exercised on a single date;
- has no performance conditions or vesting period;
- has a constant volatility and dividend yield throughout its life; and
- may not be forfeited,

then the value produced by the actuarial binomial model will be exactly equal to that produced by the Black-Schöles formula.

The inability of the Black-Schöles formula to value American options was remedied by Cox, Ross and Rubinstein who devised a binomial lattice technique for valuing share options using the underlying financial economic principles of Black, Schöles and Merton.

The binomial model has proved over time to be the most flexible, intuitive and popular approach to option pricing. It is based on the simplification that over a single period (of possibly very short duration), the underlying asset can only move from its current price to two possible levels.

Using the concept of hedging to replicate the option value at each step (using a combination of a risky and risk-free asset), it is possible to calculate the value of the option by working recursively backwards from the expiry of the option.

The lattice provides a tremendously flexible framework for valuing employee share options. This is because the possible share price at each point over the option lifetime is considered. The framework also allows for the division of the option lifetime into distinct periods – e.g. vesting period, closed period and eligible exercise period.

(iii) Valuation methodology

Valuation assumptions

The model used for valuing the employee share option arrangements requires a number of financial assumptions to be made.

The main assumptions, together with a detailed description of the derivation of each of these assumptions, have been set out below.

Share price

The following closing share price at each option's grant date, as available on I-Net Bridge, has been used:

Grant date	Share price (cents)
14 October 2014	183
27 January 2015	210

Risk-free interest rate

Our valuers have used the implied yield on a SA zero-coupon government bond (provided by BESA, the Bond Exchange of South Africa) issued for the appropriate expected lifetime of the option.

Expected option lifetime

Our valuers have estimated the expected option lifetime by considering separately each of the tranches available within the grant. The expected lifetime was rounded to the nearest complete year.

Volatility of share price

Volatility is a measure of the amount by which a share price is expected to fluctuate during the lifetime of the option. The estimate of the expected volatility over the term of the option is a significant assumption needed in determining the fair value of an employee share option. To be consistent with the definition of volatility used in option pricing models and the requirements of IFRS 2 (Appendix B, paragraph B22), an annualised standard deviation of the continuously compounded rates of return of the share was used.

In terms of IFRS 2, some of the factors that need to be considered in estimating the expected volatility include:

- Paragraph B25(b) – "The historical volatility of the share price over the most recent period that is generally commensurate with the expected term of the option."
- Paragraph B25(d) – "The tendency of volatility to revert to its mean, i.e. its long-term average level, and other factors indicating that expected future volatility might differ from past volatility."

In order to estimate the share price volatility to be used in the valuation our valuers have considered the expected option lifetime of all the grants over the vesting period. As each grant is made up of four distinct tranches, being the staggered vesting periods, they have made use of the expected lifetime for each of these tranches.

Dividend yield

IFRS 2 requires an expected dividend or dividend yield to be taken into account in the valuation of share options in those arrangements where employees are not entitled to the dividend declared during the vesting period or the period before exercise. The dividend yield used should be the best estimate of the forward-looking dividend yield over expected life of the option, determined at the grant date. A dividend yield assumption of 0,00% has been used.

Employee turnover

The main effect of allowing for employee turnover is that, in respect of the proportion of employees who are assumed to leave before the option (or part of the option) vests, the cost of that option (or part of the option) would be zero.

A forfeiture rate of 5% per annum compound during the vesting period has been assumed. Our valuers' experience has been that employee turnover for staff included in share option schemes is generally between 5%, and 15%, although acknowledging that this varies between industries and sectors.

35 Share incentive scheme (continued)

Further, where an employee leaves during the exercise period, he is assumed to exercise immediately if the option is "in-the-money". A withdrawal assumption of 5% per annum compound as above has again been used.

It should be noted that the assumption of employee turnover is a non-market condition and therefore in accordance with IFRS 2, is adjusted, during the period over which the expense is recognised (i.e. the vesting period). Each year, the employee turnover assumption should reflect the actual result of leavers in that year and should allow for the effect that actual experience would have on the future assumptions.

Ultimately, at the end of the particular vesting period, the actual number of options that eventually vest would need to have been expensed and the appropriate liability raised.

During the period over which the options vest, any differences in actual leavers to the assumption will be accounted for in the statement of comprehensive income at the end of the vesting period on a true-up basis.

Weighted average share price
The weighted average share price of ordinary shares during the period was R1,17 for 2015 (2014: n/a).

Exercise behaviour
Option valuation theory implies that the optimal time to exercise the option (and maximise value) is generally towards the end of the allowable exercise period. However, individual behaviour often results in employees exercising their options relatively early (especially after a sudden share price rise), provided the options are "in-the-money".

Our valuers have relied on a fairly general assumption for exercise behaviour based on internal investigations and a wide set of data provided by their international colleagues.

The following assumptions were used to reflect exercise behaviour in any given year:

- one-third of scheme participants will exercise their options when they are 20% "in-the-money" (i.e. the share price is equal to 120% of the offer price);
- one-third of scheme participants will exercise their options when they are 50% "in-the-money" (i.e. the share price is equal to 150% of the offer price); and
- the remaining one-third of scheme participants will exercise their options at the theoretically "optimal" time.

The table below summarises the principal assumptions used in the valuation:

Grant date	Seardel equivalent	Vesting date	Share price (cents)	Expected option lifetime (years)	Volatility (%)	Risk-free rate (%)
10 October 2014	18 March 2010	31 January 2015	183	0	13,53	5,53
	16 July 2010	31 January 2015	183	1	13,53	6,10
	4 July 2011	4 July 2015	183	2	13,67	5,99
	20 June 2012	31 January 2015	183	2	13,67	5,99
		20 June 2015	183	2	13,67	5,99
		20 June 2016	183	3	12,28	6,21
27 January 2015		27 January 2016	210	4	12,60	6,81
		27 January 2017	210	5	13,17	6,98
		27 January 2018	210	5	13,17	6,98
		27 January 2019	210	6	14,22	7,09

(vi) Valuation results

Cost per employee share option

Grant date	Seardel equivalent	Vesting date	Gross option price (cents)	Gross option price as % of share price (%)	Net option price (cents)	Net option price as % of share price (%)
10 October 2014	18 March 2010	31 January 2015	183	100,0	183	100,0
	16 July 2010	31 January 2015	133	72,7	133	72,7
	4 July 2011	4 July 2015	95	52,1	93	51,0
	20 June 2012	31 January 2015	60	32,8	60	32,8
		20 June 2015	62	33,9	61	33,2
		20 June 2016	67	36,4	62	33,9
27 January 2015		27 January 2016	68	32,2	65	30,8
		27 January 2017	74	35,1	67	31,8
		27 January 2018	80	37,9	69	32,7
		27 January 2019	86	41,1	71	33,6

Seardel Investment Corporation Limited share incentive

With effect from 1 October 2014 the participants of the Seardel Share Incentive Scheme had no further rights under the scheme and all unvested share options issued in terms of the scheme have lapsed.

(a) Equity settled

The Seardel Long-Term Incentive Trust was established on 17 February 2010. The Trustees of the Seardel Long-Term Incentive Trust executed the Seardel Long-Term Incentive Plan on 18 March 2010 to provide selected employees with the opportunity to acquire ordinary shares in Seardel Investment Corporation Limited, thereby ensuring that such employees are encouraged and motivated to pursue continued growth and profitability of Group companies.

During the financial year Nil ordinary options (2014: Nil) were allotted in terms of the Seardel Long-Term Incentive Plan.

	2015	2014
(i) Options in issue are as follows:		
Total options in issue	**–**	–
(ii) Reconciliation of movements in options		
Opening balance	**34 621 368**	43 819 982
Awarded during the period	**–**	–
Exercised during the period	**(6 275 694)**	(4 044 426)
Lapsed/forfeited during the period	**(28 345 674)**	(5 154 188)
Closing balance	**–**	34 621 368
Exercisable at year-end	**–**	13 125 315
Amount expensed during the year (included in employment costs)	**–**	1 859 724
Value of shares issued during the year	**11 193 147**	10 273 556
Weighted average share price of share options exercised during the year	**2**	2,54

35 Share incentive scheme (continued)

(iii) Valuation methodology
The fair value of the options granted was determined as follows:

A stochastic model, based on the standard "binomial" option pricing model (which is mathematically consistent with the Black-Schöles-Merton model), but allows for the particular features of employee share options to be modelled realistically, was used.

The key principles of the Black-Schöles model are incorporated into this actuarial binomial model. They include:
- risk-neutral valuation;
- the underlying share price is assumed to follow a log-normal distribution of returns;
- stock returns are independently distributed;
- a risk-free return can be earned and is known in advance;
- the market is efficient and thus an investor cannot make risk-free profits; and
- the underlying share price follows a Markov process – i.e. where the share price has been in the past does not have a bearing on where it will go in the future. All relevant information is contained in the share price at the grant date.

It follows then that if the actuarial binomial model is being used to value a call option that:
- can only be exercised on a single date;
- has no performance conditions or vesting period;
- has a constant volatility and dividend yield throughout its life; and
- may not be forfeited,

then the value produced by the actuarial binomial model will be exactly equal to that produced by the Black-Schöles formula.

The inability of the Black-Schöles formula to value American options was remedied by Cox, Ross and Rubinstein who devised a binomial lattice technique for valuing share options using the underlying financial economic principles of Black, Schöles and Merton.

The binomial model has proved over time to be the most flexible, intuitive and popular approach to option pricing. It is based on the simplification that over a single period (of possibly very short duration), the underlying asset can only move from its current price to two possible levels.

Using the concept of hedging to replicate the option value at each step (using a combination of a risky and risk-free asset), it is possible to calculate the value of the option by working recursively backwards from the expiry of the option.

The lattice provides a tremendously flexible framework for valuing employee share options. This is because the possible share price at each point over the option lifetime is considered. The framework also allows for the division of the option lifetime into distinct periods – e.g. vesting period, closed period and eligible exercise period.

Valuation assumptions
The model used for valuing the employee share option arrangements requires a number of financial assumptions to be made.

The main assumptions together, with a detailed description of the derivation of each of these assumptions, have been set out below.

Share price
The following closing share price at each option's grant date, as available on I-Net Bridge, has been used:

Grant date	Share price (cents)
31 March 2010	36
16 July 2010	47
25 November 2010	70
4 July 2011	85
20 June 2012	145

Risk-free interest rate
Our valuers have used the implied yield on a SA zero-coupon government bond (provided by BESA, the Bond Exchange of South Africa) issued for the appropriate expected lifetime of the option.

Expected option lifetime
Our valuers have estimated the expected option lifetime by considering separately each of the tranches available within the grant. The expected lifetime was rounded to the nearest complete year.

Volatility of share price
Volatility is a measure of the amount by which a share price is expected to fluctuate during the lifetime of the option. The estimate of the expected volatility over the term of the option is a significant assumption needed in determining the fair value of an employee share option. To be consistent with the definition of volatility used in option pricing models and the requirements of IFRS 2 (Appendix B, paragraph B22), an annualised standard deviation of the continuously compounded rates of return of the share was used.

In terms of IFRS 2, some of the factors that need to be considered in estimating the expected volatility include:

- Paragraph B25(b) – "The historical volatility of the share price over the most recent period that is generally commensurate with the expected term of the option."
- Paragraph B25(d) – "The tendency of volatility to revert to its mean, i.e. its long-term average level, and other factors indicating that expected future volatility might differ from past volatility."

In order to estimate the share price volatility to be used in the valuation our valuers have considered the expected option lifetime of all the grants over the vesting period. As each grant is made up of four distinct tranches, being the staggered vesting periods, they have made use of the expected lifetime for each of these tranches.

Only share price data from 1 November 2008 has been considered due to the rights issue that occurred during October 2008.

Dividend yield
IFRS 2 requires an expected dividend or dividend yield to be taken into account in the valuation of share options in those arrangements where employees are not entitled to the dividend declared during the vesting period or the period before exercise. The dividend yield used should be the best estimate of the forward-looking dividend yield over expected life of the option, determined at the grant date. A dividend yield assumption of 0,00% has been used.

Employee turnover
The main effect of allowing for employee turnover is that, in respect of the proportion of employees who are assumed to leave before the option (or part of the option) vests, the cost of that option (or part of the option) would be zero.

A forfeiture rate of 5% per annum compound during the vesting period has been assumed. Our valuers' experience has been that employee turnover for staff included in share option schemes is generally between 5% and 15% although acknowledging that this varies between industries and sectors.

Further, where an employee leaves during the exercise period, he is assumed to exercise immediately if the option is "in-the-money". A withdrawal assumption of 5% per annum compound as above has again been used.

It should be noted that the assumption of employee turnover is a non-market condition and therefore in accordance with IFRS 2, is adjusted, during the period over which the expense is recognised (i.e. the vesting period). Each year, the employee turnover assumption should reflect the actual result of leavers in that year and should allow for the effect that actual experience would have on the future assumptions.

Ultimately, at the end of the particular vesting period, the actual number of options that eventually vest would need to have been expensed and the appropriate liability raised.

During the period over which the options vest any differences in actual leavers to the assumption will be accounted for in the statement of comprehensive income at the end of the vesting period on a true-up basis.

Weighted average share price
The weighted average share price of ordinary shares during the period was R3,61 (2014: R2,46).

Exercise behaviour
Option valuation theory implies that the optimal time to exercise the option (and maximise value) is generally towards the end of the allowable exercise period. However, individual behaviour often results in employees exercising their options relatively early (especially after a sudden share price rise), provided the options are "in-the-money".

35 Share incentive scheme (continued)

Our valuers have relied on a fairly general assumption for exercise behaviour based on internal investigations and a wide set of data provided by their international colleagues.

The following assumptions were used to reflect exercise behaviour in any given year:

- one-third of scheme participants will exercise their options when they are 20% "in-the-money" (i.e. the share price is equal to 120% of the offer price);
- one-third of scheme participants will exercise their options when they are 50% "in-the-money" (i.e. the share price is equal to 150% of the offer price); and
- the remaining one-third of scheme participants will exercise their options at the theoretically "optimal" time.

The table below summarises the principal assumptions used in the valuation:

Grant date	Vesting date	Share price (cents)	Expected option lifetime (years)	Volatility (%)	Risk-free rate (%)
31 March 2010	31 March 2011	36	2	46,37	7,19
	31 March 2012	36	3	46,37	7,59
	31 March 2013	36	4	46,37	7,88
	31 March 2014	36	5	46,37	7,84
16 July 2010	16 July 2011	47	2	52,84	6,93
	16 July 2012	47	3	52,84	7,27
	16 July 2013	47	4	52,84	7,53
	16 July 2014	47	5	52,84	7,64
25 November 2010	25 November 2011	70	2	52,78	6,08
	25 November 2012	70	3	51,72	6,55
	25 November 2013	70	4	51,72	6,92
	25 November 2014	70	5	51,72	7,34
4 July 2011	4 July 2012	85	2	48,09	7,41
	4 July 2013	85	3	48,09	7,41
	4 July 2014	85	4	48,09	7,87
	4 July 2015	85	5	48,09	7,87
20 June 2012	20 June 2013	145	2	46,43	5,69
	20 June 2014	145	3	46,43	6,52
	20 June 2015	145	4	46,43	6,53
	20 June 2016	145	5	46,43	6,53

(vi) Valuation results

Cost per employee share option

Grant date	Vesting date	Gross option price (cents)	Gross option price as % of share price (%)	Net option price (cents)	Net option price as % of share price (%)
31 March 2010	31 March 2011	36	100,0	36	100,0
	31 March 2012	36	100,0	36	100,0
	31 March 2013	36	100,0	36	100,0
	31 March 2014	36	100,0	36	100,0
16 July 2010	16 July 2011	22	46,1	22	46,1
	16 July 2012	25	52,5	25	52,5
	16 July 2013	27	57,5	27	57,4
	16 July 2014	28	60,3	28	59,4
25 November 2010	25 November 2011	33	46,7	33	46,7
	25 November 2012	36	51,4	36	51,4
	25 November 2013	40	56,7	40	56,7
	25 November 2014	43	61,0	41	58,9
4 July 2011	4 July 2012	38	44,3	38	44,3
	4 July 2013	42	49,8	42	49,8
	4 July 2014	46	54,5	46	53,8
	4 July 2015	50	58,4	47	54,8
20 June 2012	20 June 2013	69	47,6	69	47,6
	20 June 2014	77	53,1	76	52,5
	20 June 2015	83	57,0	78	53,6
	20 June 2016	87	60,2	78	53,7

35 Share incentive scheme (continued)

Share-based liability

Seardel (the legal parent of the Group during the 2014 period) granted rights (equity instruments) to the employees of its subsidiaries. Seardel requires the subsidiaries to make payment for the granting of these rights as the obligation falls due. This type of intragroup payment arrangement is commonly referred to as a "recharge arrangement".

Deneb adopted an accounting policy for the recharge arrangement by making use of the guidance in IFRS 2 relating to cash-settled share-based payments (by analogy). This meant the Group determined the fair value of the recharge liability at the date that the recharge arrangement is entered into, and will recognise the value over the vesting period. At each reporting date the recharge liability is remeasured.

The liability of this recharge arrangement is in the financial statements of the subsidiary companies and the corresponding receivable with the holding company, the liability and receivable will be eliminated on consolidation. However, as the legal holding company of the Group was Seardel for the period ending 31 March 2014 the liability is not eliminated. The receivable was transferred from Seardel to Deneb on 1 October 2014 and was accordingly capitalised in the Group financial statements during the current period.

	Group	
	2015 R000's	2014* R000's
Share-based liability	–	35 631
Reconciliation of share-based liability		
Opening balance as at 31 March 2014	**35 631**	
Share options exercised	**(11 193)**	
Strike price of share options exercised	**94**	
Share incentive receivable, transferred from Seardel	**(24 532)**	
Closing balance as at 31 March 2015	**–**	

* Restated, see note 32.

36 New standards

At the date of authorisation of the financial statements, the following standards and interpretations were in issue, but not yet effective:

Standard/ Interpretation		Date issued by IASB (1)	Effective date
IAS 19	Defined Benefit Plans – Employee Contributions	November 2013	1 July 2014
Amendments to six standards	Improvements to IFRS 2010 – 2012 Cycle	December 2013	1 July 2014
Amendments to four standards	Improvements to IFRS 2011 – 2013 Cycle	December 2013	1 July 2014
IFRS 14	Regulatory Deferral Accounts	January 2014	1 January 2016
IFRS 11	Accounting for Acquisitions of Interest in Joint Operations	May 2014	1 January 2016
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	May 2014	1 January 2017
IFRS 15	Revenue from Contracts with Customers	May 2012	1 January 2018
IFRS 9	Financial Instruments	July 2014	1 January 2018
IFRS 10 and IAS 28	Sale or Contribution of Assets Between an Investor and its Joint Venture	September 2014	1 January 2016
Amendments to four standards	Improvements to IFRSs 2012 – 2014	September 2014	1 January 2016
IAS 1	Disclosure Initiative	December 2014	1 January 2016

Defined Benefit Plans – Employee Contributions (Amendments to IAS 19)
The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible if they are:

- set out in the formal terms of the plan;
- linked to service; and
- independent of the number of years of service.

The above amendment will not have any material impact on the Group's results.

Regulatory Deferral Accounts (IFRS 14)
IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard the entity has to be rate regulated, i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.

The above amendment will not have any material impact on the Group's results.

Accounting for Acquisitions of Interest in Joint Operations (IFRS 11)
The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business.

Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured. As a consequence of these amendments the Group will amend its accounting policy with effect from 1 July 2016 for acquisitions of interests in a joint operation.

The above amendment will not have any material impact on the Group's results.

Clarification of Acceptable Methods of Depreciation and Amortisation (IAS 16 and IAS 38)
The amendments to IAS 16: Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38: Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly "correlated", or when the intangible asset is expressed as a measure of revenue.

The above amendment will not have any material impact on the Group's results.

Revenue from Contracts with Customers (IFRS 15)
IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g. sales of property, plant and equipment or intangibles).

The Group will adopt the standard in the first annual period beginning on or after the mandatory effective date (1 January 2018). The impact of the adoption of IFRS 15 has not yet been estimated.

Financial Instruments (IFRS 9)
On 24 July 2014 the IASB issued the final IFRS 9: Financial Instruments standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39: Financial Instruments – Recognition and Measurement.

Disclosure Initiative (IAS 1)
The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of the notes, other comprehensive income of equity-accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

Notes to the financial statements

for the year ended 31 March (continued)

37 Non-controlling interest (NCI)

During the period Deneb acquired a 51% stake in Office Box.

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI at 31 March 2015.

	Deneb Invest 141 Holdco Proprietary Limited t/a Office Box	
	2015 R000's	2014 R000's
NCI percentage	**49,0%**	0%
Non-current assets	**1 875**	–
Current assets	**2 956**	–
Non-current liabilities	**–**	–
Current liabilities	**(2 746)**	–
Net assets attributable to the shareholders of Office Box	**2 085**	–
Total carrying amount of NCI	**(2 252)**	–
Revenue	**8 499**	–
Loss for the year	**(2 933)**	–
Other comprehensive income for the year	**–**	–
Total comprehensive loss	**(2 933)**	–
Loss allocated to NCI	**(1 437)**	–
Other comprehensive income allocated to NCI	**–**	–