CURRO HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Registration number 1998/025801/06)
Consolidated and Separate Financial Statements
for the year ended 31 December 2017

General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Independent school and education services
Directors	SL Botha ZL Combi AJF Greyling HG Louw PJ Mouton SWF Muthwa B Petersen D Ramaphosa B van der Linde CR van der Merwe
Registered office and business address	38 Oxford Street Durbanville Cape Town South Africa 7550
Postal address	P O Box 2436 Durbanville Cape Town South Africa 7551
Holding company	PSG Financial Services Ltd, incorporated in South Africa
Ultimate holding company	PSG Group Ltd, incorporated in South Africa
Bankers	Absa Bank Ltd First National Bank Ltd Standard Bank of South Africa Ltd
Auditors	PricewaterhouseCoopers Inc. Registered Auditors
Secretary	R van Rensburg
Company registration number	1998/025801/06
Tax reference number	9159/070/02/9
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, as amended.
Preparer	The financial statements were internally compiled by BC September CA(SA) under the supervision of the director and Chief Financial Officer, B van der Linde CA(SA), CFA
Published	19 February 2018

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

Directors’ responsibilities and approval

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

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

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

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

The directors have reviewed the consolidated and separate cash-flow forecast for the year to 31 December 2018 and, in the light of this review and the current financial position, they are satisfied that the group and the company have or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 5 to 9.

The consolidated and separate annual financial statements set out on pages 10 to 77, which have been prepared on the going concern basis, were approved by the board of directors on 19 February 2018 and were signed on their behalf by:

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

Durbanville

19 February 2018

Company secretary's certification

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

R van Rensburg
Company Secretary

Durbanville

19 February 2018

Independent auditor's report

To the Shareholders of Curro Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Curro Holdings Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Curro Holdings Limited's consolidated and separate financial statements set out on pages 17 to 76 comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

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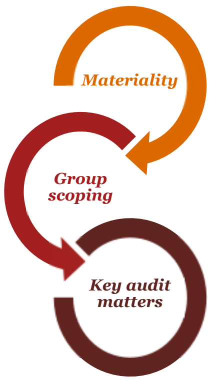
Our audit approach

Overview



Overall group materiality

- *R13.79 million which represents 5% of consolidated profit before tax.*

Group audit scope

- *We conducted full scope audits for the two significant components, Curro and Meridian.*

Key audit matters

- *Impairment assessment of goodwill and other indefinite-lived intangible assets*

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

Materiality

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

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

Overall group materiality	*R13.79 million*
How we determined it	*5% of consolidated profit before tax*
Rationale for the materiality benchmark applied	*We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.*

How we tailored our group audit scope

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

Ten reporting components were identified for the audit of the consolidated financial statements. Of these reporting components Curro and Meridian were scoped in for full scope audits as a result of their contribution to profit before tax and total assets. For the remaining components we performed analytical review procedures. Although the Group operates various schools all over South Africa and in Namibia, the financial function is centralised at a head office level and therefore the group audit team performed most of its work at a head office level, with some testing at the individual schools within the Group.

Key audit matters

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

Key audit matter	***How our audit addressed the key audit matter***
Impairment assessment of goodwill and other indefinite-lived intangible assets *The Group and Company's financial statements include a significant amount of goodwill and other indefinite-lived intangible assets. As per note 5, the most significant portion of this relates to goodwill, amounting to R397 million (Group) and R66 million (Company).* *The goodwill and other indefinite-lived intangible assets are tested for impairment annually in terms of the requirements of IAS 36, where management calculates a recoverable amount. As disclosed in note 5 to the financial statements the recoverable amount in the current year has been determined based on a value in use model. As described in note 5 to the financial statements, unobservable inputs that require management to apply their judgement are used in the value-in-use model.* *The impairment assessment is considered to be a matter of most significance to our current year audit due to the nature of the unobservable inputs used by management in their value-in-use model, being:* • *Learner numbers;* • *Tuition fee growth rates; and* • *Discount rates.* *Management's current year assessment*	*In testing management's impairment calculation:* • *We tested the mathematical accuracy of the calculations for each model.* • *We challenged key inputs used in the calculations, such as learner numbers and tuition fee growth rates by comparing these to actual enrolment figures and increased tuition fees for 2018. The assumptions used were found to be consistent with actual fees and learner number growth.* • *To test the robustness and reasonability of management's cash flow forecasts, we compared the actual cash flows for 2017 to the forecasted cash flows used in the prior year's calculations. The actual results were consistent with forecasted results.* • *We compared the discount rates used by management to our internally developed benchmarks, which are based on various economic indicators. The discount rates used by management were*

indicated that there were no impairment required.	*within a reasonable range of our internally developed benchmarks.*

Other information

The directors are responsible for the other information. The other information comprises the information included in the Curro Holdings Limited and its Subsidiaries Consolidated and Separate Annual Financial Statements, for the year ended 31 December 2017, which includes the Directors' report, Audit and risk committee's report and the Company secretary's certification as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the Curro Holdings Limited Annual Integrated Report 2017, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Curro Holdings Limited for 1 year.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D de Jager
Registered Auditor
Stellenbosch
19 February 2018

Audit and risk committee report

This report is provided by the audit and risk committee (the committee) appointed in respect of the 2017 financial year of Curro Holdings Limited (Curro) and its subsidiaries.

1. Members of the audit and risk committee

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

The members are B Petersen (chairperson), ZL Combi and Dr SWF Muthwa. The company secretary is the secretary of the committee.

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

2. Purpose

The purpose of the committee is to:

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

3. Meetings held by the audit and risk committee

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

The committee held two scheduled meetings during 2017. Dr SWF Muthwa rendered an apology for one of the meetings but submitted her inputs for the meeting. The rest of the committee attended both meetings.

4. External audit

To ensure sufficient alignment with Curro’s holding company, PSG Group Ltd, and with due regard to the requirement of Mandatory Audit Firm Rotation (MAFR), the committee decided to change its external auditor to PricewaterhouseCoopers Inc., and D de Jager who is a registered independent auditor, as the designated partner for the 2017 audit. The company extends its sincere appreciation to Deloitte & Touche for their services as auditor over the years.

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act of South Africa and as per the standards stipulated by the auditing profession. Requisite assurance was sought from the audit partner, that internal governance processes within the firm support and demonstrate the claim to independence.

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

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

Audit and risk committee report

5. Internal audit

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

6. Consolidated and separate annual financial statements

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

7. Accounting practices and internal control

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

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

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

8. Evaluation of the chief financial officer

As required, by the JSE Listings Requirement 3.84 (h), the committee has assessed and is satisfied with the expertise and experience of the group's chief financial officer.

9. Complaints and/or concerns

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

On behalf of the committee

B Petersen
Chairperson of the Audit and Risk Committee

Durbanville

19 February 2018

Directors' report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Curro and its subsidiaries for the year ended 31 December 2017.

1. Nature of business

Overview

Curro has delivered a satisfactory set of financial results for 2017 in a tough economic market. The board believes that the group is strategically positioned and poised for both organic and acquisitional future growth.

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

In its 20th year of existence, Curro has passed another milestone with more than 50 000 learners across 59 campuses (138 schools).

Stadio Holdings

Given the potential identified in the tertiary-education market, Stadio listed separately on the Main Board of the JSE and unbundled from Curro on 3 October 2017. The Stadio results have therefore been accounted for as a discontinued operation, of which nine months' results are included in the current year and a full 12 months' results in the prior year.

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

Group financial results

Continuing operations

For the year ended 31 December 2017, learner numbers increased by 8% from 42 343 to 45 870, increasing revenue by 22% from R1 714 million in 2016 to R2 098 million. Schools' EBITDA (earnings before interest, taxation, depreciation, amortisation and head office expenditure) increased by 22% from R487 million to R594 million over the same period, with EBITDA increasing by 25% from R377 million to R472 million.

The EBITDA margin increased to 23% despite the negative growth from Meridian. Satisfactory EBITDA margin growth is evident in schools where capacity utilisation increases.

Headline earnings increased by 24% from R162 million to R201 million over the same period. However, headline earnings per share increased by 17% from 41,8 cents to 49,0 cents due to the increase in the weighted average number of shares in issue following private placements undertaken and shares issued in terms of the Share Incentive Trust in the year.

The effective tax rate has increased from 21.8% to 27.1% due to the reduced permanent tax difference arising from the capital contribution made to the Share Incentive Trust.

Group (including discontinued operations)

Headline earnings increased by 17% from R169 million to R197 million during the reporting period. However, headline earnings per share increased by 10% from 43.9 cents to 48.1 cents due to the increase in the weighted average number of shares in issue following private placements undertaken and shares issued in terms of the Share Incentive Trust during the year.

Directors' report

Investment and expansion

During 2017, R1.136 billion was invested in the schools business. The capital was deployed in the following projects:

- Construction of five new campuses to the value of R324 million. These campuses include Curro Castle Oakdene (Gauteng), Curro Castle Uitzicht (Western Cape), Curro Academy Mamelodi (Gauteng), Curro Academy Riverside (Gauteng), Curro Academy Sandown (Western Cape).
- R652 million invested in the expansion of existing campuses, which included significant expansions at Curro Roodeplaat (high school), Curro Academy Wilgeheuwel (high school), Windhoek Gymnasium (Namibia), Curro Hillcrest Academy and Curro Hermanus.
- R148 million invested in land banking.

During the year Curro refunded R850 million of debt at lower rates and raised additional five-year bullet funds of R650 million. Curro (excluding Meridian) has unutilised facilities of R550 million.

The group plans to invest up to R2.3 billion in 2018.

2. Share capital

On 13 December 2017, 1.6 million shares were issued to employees through the Curro share incentive scheme. Curro also issued 3.4 million shares through private placements during the year.

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

3. Control over unissued shares

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

4. Dividends

The unbundling of Stadio was accounted for as a dividend in specie in terms of section 46(1)(a)(ii) of the Companies Act, No. 71 of 2008, as amended, and section 46 of the Income Tax Act, No. 58 of 1962, as amended, and amounted to R345 million. The debit was accounted for as a decrease in retained earnings. Refer to the SENS of 9 October 2017 to understand the apportionment of tax cost with respect to the unbundling. Shareholders are advised to consult their own tax advisors in this regard.

No other dividends have been declared for the year under review (2016: RNil).

Directors' report

5. Directorate

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

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

During 2017 Andries Greyling succeeded Chris van der Merwe as the CEO. Chris was appointed as a non-executive director during 2017. Douglas Ramaphosa was appointed effective 26 January 2018.

6. Shareholding of directors

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

	2017				2016			
Directors	**Direct**	**Indirect**	**Number**	**%**	**Direct**	**Indirect**	**Number**	**%**
SL Botha	272 926	-	272 926	0.07	272 926	-	272 926	0.07
AJF Greyling	-	961 057	961 057	0.23	-	821 501	812 501	0.20
HG Louw	262 739	-	262 739	0.06	189 424	-	189 424	0.05
PJ Mouton	-	1 939 943	1 939 943	0.47	-	1 939 943	1 939 943	0.48
B van der Linde	129 299	608 283	737 582	0.18	129 299	500 645	629 944	0.15
CR van der Merwe		3 511 677	3 511 677	0.85		3 711 677	3 711 677	0.91
B Petersen	10 000	-	10 000	0.00	10 000	-	10 000	0.00
	674 964	**7 020 960**	**7 695 924**	**1.87**	**601 649**	**6 974 766**	**7 566 415**	**1.86**

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

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

7. Interests in subsidiaries and associates

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

The interest of the group in the profits of its associate for the year ended 31 December 2017 are as follows:

	2017 R'000	2016 R'000
Share of equity accounted profits	R1 190	R977

Directors' report

8. Holding company

The holding company is PSG Financial Services Ltd which holds 55.4% (2016: 56.1%) of the issued share capital. PSG Financial Services Ltd is incorporated in South Africa.

9. Ultimate holding company

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

10. Special resolutions

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

11. Events after the reporting period

Refer to note 33 for acquisitions effective after the reporting period. The directors are not aware of any other matter, which is material to the group or the company that has occurred between the reporting date and the date of the approval of the annual financial statements.

12. Going concern

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

13. Auditors

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

14. Secretary

The company secretary is Ms R van Rensburg.

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

Directors’ report

15. Sponsor

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

16. Corporate governance

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

17. Report of the audit and risk committee

The report of the audit and risk committee, as required in terms of section 94(7)(f) of the Companies Act of South Africa of 2008, is set out on pages 10 to 11 of the consolidated and separate annual financial statements.

Consolidated and separate statements of financial position as at 31 December

	Note(s)	Group 2017 R'000	Group 2016 Restated R'000	Company 2017 R'000	Company 2016 Restated R'000
Assets					
Non-current assets					
Property, plant and equipment	4	6 658 486	5 850 549	5 275 391	4 445 235
Goodwill	5	397 137	428 112	66 189	57 872
Intangible assets	6	169 161	191 352	111 804	86 338
Investments in and loans to subsidiaries and associates	7,8,9	12 183	10 794	472 711	524 797
Other financial assets	10	37 765	29 214	-	1 807
		7 274 732	6 510 021	**5 926 095**	5 116 049
Current assets					
Inventories	13	3 355	9 777	645	642
Loans to group companies	9	-	-	392 626	542 827
Trade and other receivables	14	108 356	85 184	140 251	130 851
Other financial assets	10	124 988	3 635	119 042	-
Current tax receivable		2 507	7 470	1 151	1 151
Cash and cash equivalents	15	570 837	705 657	530 773	530 948
		810 043	811 723	**1 184 488**	1 206 419
Total assets		**8 084 775**	7 321 744	**7 110 583**	6 322 468
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital	16	4 732 924	4 556 399	4 883 290	4 677 107
Reserves		13 658	22 292	13 656	22 292
Retained income		272 394	396 913	(389)	141 135
		5 018 976	**4 975 604**	**4 896 557**	**4 840 534**
Non-controlling interest	7	(22 587)	(11 671)	-	-
		4 996 389	4 963 933	**4 896 557**	4 840 534
Liabilities					
Non-current liabilities					
Other financial liabilities	19	2 341 729	1 623 651	1 688 478	1 023 054
Deferred tax	12	375 452	318 067	219 139	156 562
		2 717 181	1 941 718	**1 907 617**	1 179 616
Current liabilities					
Trade and other payables	21	330 553	388 873	265 962	274 228
Loans from group companies	9	-	-	-	907
Other financial liabilities	19	40 447	27 183	40 447	27 183
Current tax payable		205	37	-	-
		371 205	416 093	**306 409**	302 318
Total liabilities		**3 088 386**	2 357 811	**2 214 026**	1 481 934
Total equity and liabilities		**8 084 775**	7 321 744	**7 110 583**	6 322 468

Consolidated and separate statements of comprehensive income

		Group		Company	
		2017	2016 Restated	**2017**	2016 Restated
	Note(s)	**R'000**	R'000	**R'000**	R'000
Revenue	22	2 098 060	1 714 408	1 641 777	1 319 508
Operating expenses		(1 626 153)	(1 337 548)	(1 320 808)	(1 128 424)
Earnings before interest, taxation, depreciation amortisation (EBITDA)		**471 907**	376 860	**320 969**	191 084
Depreciation and amortisation		(131 063)	(105 511)	(112 250)	(87 803)
Earnings before interest and taxation (EBIT)	23	340 844	271 349	208 719	103 281
Investment income	24	41 345	56 850	73 814	102 167
Profit (loss) on sale of property, plant and		12 648	(503)	907	(190)
Impairment	4	-	(11 227)	-	(99 118)
Bargain purchase gain	33	-	14 701	-	14 701
Share of profit of associates		1 190	977	-	-
Finance costs	25	(119 338)	(127 390)	(48 669)	(61 175)
Profit before taxation		**276 689**	204 757	**234 771**	59 666
Taxation	26	(74 688)	(44 546)	(66 306)	(41 983)
Profit for the year from continuing operations		**202 001**	160 211	**168 465**	17 683
Discontinued operations					
(Loss) profit for the year from discontinued operations	44	(4 235)	7 152	**-**	-
Profit for the year		**197 766**	167 363	**168 465**	17 683
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Effects of cash flow hedges	29	(18 207)	(20 601)	(18 207)	(20 601)
Income tax effect		5 007	(164)	5 007	(164)
Total items that may be reclassified to profit or		**(13 200)**	(20 765)	**(13 200)**	(20 765)
Total comprehensive income (loss) for the year		**184 566**	146 598	**155 265**	(3 082)
Profit (loss) attributable to:					
Owners of the parent					
For continuing operations		212 917	164 521	168 465	17 683
For discontinued operations		(4 235)	7 152	-	-
Non-controlling interests					
For continuing operations		(10 916)	(4 310)	-	-
		197 766	167 363	**168 465**	17 683
Total comprehensive income (loss) attributable to:					
Owners of the parent					
For continuing operations		199 717	143 756	155 265	(3 082)
For discontinued operations		(4 235)	7 152	-	-
Non-controlling interests					
For continuing operations		(10 916)	(4 310)	-	-
		184 566	146 598	**155 265**	(3 082)
Earnings per share (cents)					
For continuing operations	30	51,9	42,6		
For discontinued operations	30	(0,9)	2,1		
		51,0	**44,7**		
Diluted earnings per share (cents)					
For continuing operations	30	51,7	42,4		
For discontinued operations	30	(0,9)	2,1		
		50,8	**44,5**		

Consolidated and separate statements of changes in equity

	Share capital	Hedging reserve	Share based payments reserve	Total reserves	Retained income	Total attributable to equity holders of the group	Non-controlling interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Group								
Balance at 1 January 2016	**2 834 177**	**21 466**	**17 503**	**38 969**	**215 046**	**3 088 192**	**(7 361)**	**3 080 831**
Profit for the year	-	-	-	-	171 673	171 673	(4 310)	167 363
Other comprehensive loss	-	(20 765)	-	(20 765)	-	(20 765)	-	(20 765)
Total comprehensive income for the year	**-**	**(20 765)**	**-**	**(20 765)**	**171 673**	**150 908**	**(4 310)**	**146 598**
Issue of shares	1 720 603	-	-	-	-	1 720 603	-	1 720 603
Share issue costs	(26 477)	-	-	-	-	(26 477)	-	(26 477)
Employees share option plan:								
Proceeds of shares issued	28 096	-	-	-	-	28 096	-	28 096
Recognition of share-based payments	-	-	14 282	14 282	-	14 282	-	14 282
Exercise of share options	-	-	(10 194)	(10 194)	10 194	-	-	-
Total contributions by and distributions to owners of the company recognised directly in equity	**1 722 222**	**-**	**4 088**	**4 088**	**10 194**	**1 736 504**	**-**	**1 736 504**
Balance at 31 December 2016	**4 556 399**	**701**	**21 591**	**22 292**	**396 913**	**4 975 604**	**(11 671)**	**4 963 933**
Profit for the year	-	-	-	-	208 682	208 682	(10 916)	197 766
Other comprehensive loss	-	(13 200)	-	(13 200)	-	(13 200)	-	(13 200)
Total comprehensive (loss) income for the year	**-**	**(13 200)**	**-**	**(13 200)**	**208 682**	**195 482**	**(10 916)**	**184 566**
Issue of shares	150 000	-	-	-	-	150 000	-	150 000
Share issue costs	(1 119)	-	-	-	-	(1 119)	-	(1 119)
Employees share option plan:								
Proceeds of shares issued	27 644	-	-	-	-	27 644	-	27 644
Recognition of share-based payments	-	-	16 539	16 539	-	16 539	-	16 539
Exercise of share options	-	-	(11 975)	(11 975)	11 975	-	-	-
Unbundling of Stadio Holdings	-	-	-	-	(345 176)	(345 176)	-	(345 176)
Total contributions by and distributions to owners of the company recognised directly in equity	**176 525**	**-**	**4 564**	**4 564**	**(333 201)**	**(152 112)**	**-**	**(152 112)**
Balance at 31 December 2017	**4 732 924**	**(12 499)**	**26 155**	**13 656**	**272 394**	**5 018 974**	**(22 587)**	**4 996 387**
Notes(s)	16	18 & 29	17					

Consolidated and separate statements of changes in equity

	Share capital	Hedging reserve	Share based payments reserve	Total reserves	Retained income	Total attributable to equity holders of the company	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Company							
Balance at 1 January 2016	**2 877 532**	**21 466**	**17 503**	**38 969**	**115 256**	**3 031 757**	**3 031 757**
Profit for the year	-	-	-	-	17 683	17 683	17 683
Other comprehensive loss	-	(20 765)	-	(20 765)	-	(20 765)	(20 765)
Total comprehensive income for the year	**-**	**(20 765)**	**-**	**(20 765)**	**17 683**	**(3 082)**	**(3 082)**
Issue of shares	1 720 603	-	-	-	-	1 720 603	1 720 603
Share issue costs	(26 477)	-	-	-	-	(26 477)	(26 477)
Employees share option plan:							
Proceeds of shares issued	105 449	-	-	-	-	105 449	105 449
Recognition of share-based payments	-	-	14 282	14 282	-	14 282	14 282
Exercise of share options	-	-	(10 194)	(10 194)	10 194	-	-
Transfer of assets under common control					(1 998)	(1 998)	(1 998)
Total contributions by and distributions to owners of the company recognised directly in equity	**1 799 575**	**-**	**4 088**	**4 088**	**8 196**	**1 811 859**	**1 811 859**
Balance at 31 December 2016	**4 677 107**	**701**	**21 591**	**22 292**	**141 135**	**4 840 534**	**4 840 534**
Profit for the year	-	-	-	-	168 465	168 465	168 465
Other comprehensive loss	-	(13 200)	-	(13 200)	-	(13 200)	(13 200)
Total comprehensive (loss) income for the year	**-**	**(13 200)**	**-**	**(13 200)**	**168 465**	**155 265**	**155 265**
Issue of shares	150 000	-	-	-	-	150 000	150 000
Share issue costs	(1 119)	-	-	-	-	(1 119)	(1 119)
Employees share option plan:							
Proceeds of shares issued	57 302	-	-	-	-	57 302	57 302
Recognition of share-based payments	-	-	16 539	16 539	-	16 539	16 539
Exercise of share options	-	-	(11 975)	(11 975)	11 975	-	-
Unbundling of Stadio Holdings	-	-	-	-	(321 964)	(321 964)	(321 964)
Total contributions by and distributions to owners of the company recognised directly in equity	**206 183**	**-**	**4 564**	**4 564**	**(309 989)**	**(99 242)**	**(99 242)**
Balance at 31 December 2017	**4 883 290**	**(12 499)**	**26 155**	**13 656**	**(389)**	**4 896 557**	**4 896 557**
Notes(s)	16	18 & 29	17				

Consolidated and separate statements of cash flows

		Group		Company	
		2017	2016 Restated	**2017**	2016 Restated
	Note(s)	**R'000**	R'000	**R'000**	R'000
Cash flows from operating activities					
Cash generated from operations	31	397 480	481 307	348 489	215 786
Interest income		48 076	58 504	73 814	76 681
Finance costs		(124 845)	(127 390)	(48 669)	(61 175)
Tax (paid) refund	32	(7 654)	(8 858)	-	112
Net cash from operating activities		**313 057**	**403 563**	**373 634**	**231 404**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(1 172 278)	(1 438 720)	(1 097 291)	(1 168 475)
Sale of property, plant and equipment		27 609	6 880	5 180	5 894
Purchase of intangible assets	6	(40 879)	(30 087)	(37 899)	(17 547)
Business combinations	33	(12 217)	(266 188)	(12 217)	(24 596)
Acquisition of subsidiaries		-	-	-	(87 891)
Loans to group companies repaid		-	-	-	-
Loans advanced to group companies		-	-	(69 189)	(414 500)
Repayment of loans from group companies		-	-	(907)	-
Movement in other financial assets		5 854	27 915	-	(625)
Net cash utilised in investing activities		**(1 191 911)**	**(1 700 200)**	**(1 212 323)**	**(1 707 740)**
Cash flows from financing activities					
Proceeds on shares issued		176 526	1 722 222	176 526	1 799 575
Proceeds from other financial liabilities	34	1 595 363	83 620	1 542 708	75 000
Repayment of other financial liabilities	34	(880 720)	(34 074)	(880 720)	(33 907)
Net cash from financing activities		**891 169**	**1 771 768**	**838 514**	**1 840 668**
Net cash from unbundling		(147 135)	-	-	-
Total cash movement for the year		(134 820)	475 131	(175)	364 332
Cash at beginning of the year		705 657	230 526	530 948	166 616
Total cash at end of the year	15	**570 837**	**705 657**	**530 773**	**530 948**

Accounting policies

1. Presentation of consolidated and separate annual financial statements

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

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa, as amended. The consolidated and separate annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African rands.

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

1.1 Fair value

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

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

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

1.2 Consolidation

Basis of consolidation

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

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

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

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

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

Accounting policies

1.2 Consolidation (continued)

Basis of consolidation (continued)

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

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

Business combinations

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

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

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

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

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

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

In cases where the group and the company held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured at fair value as at acquisition date. The measurement at fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

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

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

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

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

Accounting policies

1.3 Investment in associates

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

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

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

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

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

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group and the company hold for their own use and are expected to be used for more than one year. An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all the expenditure that is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments with respect to hedge accounting, where appropriate.

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight line	Not depreciated
Buildings	Straight line	75 to 90 years
Furniture and fixtures	Straight line	6 years
Office equipment	Straight line	6 years
Premises equipment	Straight line	5 years/6 years
School equipment	Straight line	5 years/6 years
Motor vehicles	Straight line	5 years
Computer equipment	Straight line	3, 5 or 10 years

Accounting policies

1.4 Property, plant and equipment (continued)

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

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

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

1.5 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

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

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

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

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

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

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

Accounting policies

1.5 Intangible assets (continued)

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

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

1.6 Investment in and loans to subsidiaries and associates

Company annual financial statements

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

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

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

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

1.7 Financial instruments

Classification

The group and the company classify financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss.
- Loans and receivables (non-derivative financial assets and liabilities).
- Financial liabilities at fair value through profit or loss.
- Financial liabilities measured at amortised cost.

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

Initial recognition and measurement

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

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

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost.

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

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

Subsequent measurement

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

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

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

Accounting policies

1.7 Financial instruments (continued)

Subsequent measurement (continued)

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

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

Impairment of financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

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

Reversals of impairment losses are recognised in profit or loss.

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

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

Loans to (from) group companies

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

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost less any accumulated impairment.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Accounting policies

1.7 Financial instruments (continued)

Trade and other receivables (continued)

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdrafts and borrowings

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

Hedging activities

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

The group and the company designates certain derivatives as either:

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

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

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

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

Cash flow hedge

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

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

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

1.7 Financial instruments (continued)

Cash flow hedge (continued)

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

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

1.8 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

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

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

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

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

1.9 Leases

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

Finance leases – lessee

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

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

1.9 Leases (continued)

Finance leases – lessee (continued)
The lease payments are apportioned between the finance charge and reduction of the outstanding liability.The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessee
Any contingent rents are expensed in the period they are incurred.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Accounting policies

1.12 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.13 Share-based payments

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

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

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

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

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

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

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

1.14 Employee benefits

Short-term employee benefits

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

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

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

Accounting policies

1.15 Provisions and contingencies (continued)

Provisions are not recognised for future operating losses.

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

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

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

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

Contingent assets and contingent liabilities are not recognised.

1.16 Revenue

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

Tuition fees are recognised over the period that tuition is provided.

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

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

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

1.17 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

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

Accounting policies

1.18 Discontinued operations

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

1.19 Significant judgements and sources of estimation uncertainty

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

Significant judgements include:

Impairment of Trade receivables, Held to maturity investments and Loans and receivables

The group and the company assess their trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group and the company make judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Refer to note 40 for additional considerations regarding credit risk on trade receivables.

Share-based payments

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

Impairment of non-financial assets

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

Fair values in business combinations

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

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

Useful lives and residual values

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

Notes to the consolidated and separate annual financial statements

2. Segmental information

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

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

Stadio results is only included for 9 months due to the unbundling of it at the end of quarter three of 2017.

Segmental revenue and results

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

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

The segment information provided to the exco is presented below.

	2017				2016			
	Curro R'000	**Meridian R'000**	**Stadio R'000**	**Total R'000**	Curro R'000	Meridian R'000	Stadio R'000	Total R'000
Total segment revenue	**1 837 949**	**270 129**	**58 984**	**2 167 062**	1 450 095	274 792	48 048	1 772 935
Inter-segment revenue	**(10 019)**	**-**	**-**	**(10 019)**	(10 479)	-	(523)	(11 002)
Revenue from external customers	**1 827 930**	**270 129**	**58 984**	**2 157 043**	1 439 616	274 792	47 525	1 761 933
EBITDA	**429 455**	**42 451**	**572**	**472 478**	325 169	51 691	10 970	387 830
Depreciation and amortisation	**120 524**	**10 538**	**6 266**	**137 328**	93 686	11 825	2 231	107 742
Impairments	**-**	**-**	**-**	**-**	11 227	-	-	11 227
Profit (loss) on sale of PPE	**12 904**	**(256)**	**-**	**12 648**	(60)	(443)	-	(503)
Investment revenue	**38 603**	**2 742**	**6 731**	**48 076**	51 851	4 999	1 654	58 504
Finance cost	**49 384**	**69 954**	**5 507**	**124 845**	61 266	66 124	-	127 390
Taxation	**79 055**	**(4 367)**	**(235)**	**74 453**	53 933	(9 387)	3 241	47 787
Profit (loss) after taxation	**233 189**	**(31 188)**	**(4 235)**	**197 766**	172 527	(12 315)	7 151	167 363

Segment assets and liabilities

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

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

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

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

2. Segmental information (continued)

Segments assets and liabilities (continued)

The table below provides information on segment assets and liabilities

	2017				2016			
	Curro R'000	**Meridian R'000**	**Stadio R'000**	**Total R'000**	Curro R'000	Meridian R'000	Stadio R'000	Total R'000
Capital expenditure	**1 097 292**	**22 502**	**-**	**1 119 794**	1 352 998	52 050	72 904	1 477 952
Total assets	**7 381 777**	**702 996**	**-**	**8 084 773**	6 390 625	679 260	251 859	7 321 744
Total liabilities	**2 315 670**	**772 714**	**-**	**3 088 384**	1 415 022	717 789	224 999	2 357 810

Geographical information

The group operates in two principal geographical areas – South Africa and Namibia.

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

	2017		2016	
	Revenue from external customers R'000	**Non-current assets R'000**	Revenue from external customers R'000	Non-current assets R'000
South Africa	**2 015 319**	**6 346 528**	1 701 792	5 357 899
Namibia	**82 741**	**311 958**	59 285	277 203
Total	**2 098 060**	**6 658 486**	1 761 077	5 635 102

Non-current assets exclude financial instruments and deferred tax assets.

3. New and revised standards

3.1 Standards and amendments effective and adopted in the current year

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

Standard/Amendment:	**Effective date: Years beginning on or after**
• Amendments to IAS 7: Disclosure Initiative	01 January 2017
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017

The adoption of these standards and amendments did not have a significant impact on the amounts recognised or disclosed in the consolidated and separate annual financial statements.

3.2 Standards and amendments not yet effective

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

Standard/Amendment	**Effective date: Years beginning on or after**
• IFRS 16 Leases	01 January 2019
• IFRS 9 Financial Instruments	01 January 2018
• IFRS 15 Revenue from Contracts with Customers	01 January 2018
• Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	01 January 2018

Notes to the consolidated and separate annual financial statements

3.2 Standards and amendments not yet effective (continued)

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

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

A right of use asset will be recognised that will be depreciated over 20 years with the recognition of a finance lease liability that has been discounted at 12.15% per annum;

	R'm
Increase in property, plant and equipment (right of use asset)	118
Increase in long-term liabilities (financial lease liability)	140
Decrease in lease expense (per annum)	(15)
Increase in depreciation (per annum)	4
Increase in finance cost (per annum)	16

4. Property, plant and equipment

Group

	2017			2016 Restated		
	Cost	**Accumulated depreciation and impairment**	**Carrying value**	Cost	Accumulated depreciation and impairment	Carrying value
	R'000	**R'000**	**R'000**	R'000	R'000	R'000
Land and buildings	**6 161 446**	**(17 690)**	**6 143 756**	5 438 104	(17 306)	5 420 798
Furniture and fixtures	**314 057**	**(106 810)**	**207 247**	223 646	(74 376)	149 270
Computer equipment	**250 590**	**(141 885)**	**108 705**	213 084	(110 785)	102 299
Motor vehicles	**125 488**	**(45 548)**	**79 940**	96 403	(33 803)	62 600
School equipment	**134 257**	**(44 096)**	**90 161**	103 272	(29 184)	74 088
Premises equipment	**59 922**	**(35 406)**	**24 516**	57 302	(20 199)	37 103
Office equipment	**8 087**	**(3 926)**	**4 161**	8 622	(4 231)	4 391
Total	**7 053 847**	**(395 361)**	**6 658 486**	6 140 433	(289 884)	5 850 549

Company

	2017			2016 Restated		
	Cost	**Accumulated depreciation and impairment**	**Carrying value**	Cost	Accumulated depreciation and impairment	Carrying value
	R'000	**R'000**	**R'000**	R'000	R'000	R'000
Land and buildings	**4 822 965**	**(4 008)**	**4 818 957**	4 084 754	(3 625)	4 081 129
Furniture and fixtures	**273 392**	**(90 040)**	**183 352**	186 600	(61 176)	125 424
Computer equipment	**211 984**	**(115 370)**	**96 614**	170 894	(87 506)	83 388
Motor vehicles	**111 190**	**(39 659)**	**71 531**	82 934	(29 133)	53 801
School equipment	**116 839**	**(36 994)**	**79 845**	89 626	(24 359)	65 267
Premises equipment	**52 738**	**(30 845)**	**21 894**	50 588	(17 200)	33 388
Office equipment	**6 240**	**(3 042)**	**3 198**	5 729	(2 891)	2 838
Total	**5 595 348**	**(319 958)**	**5 275 391**	4 671 125	(225 890)	4 445 235

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - group 2017

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Stadio unbundling	Impairment provision	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land and buildings	**5 420 798**	**963 937**	**5 000**	**(10 365)**	**(3 738)**	**(231 876)**	**-**	**6 143 756**
Furniture and fixtures	**149 270**	**94 056**	**26**	**(1 006)**	**(33 937)**	**(1 162)**	**-**	**207 247**
Computer equipment	**102 299**	**43 698**	**-**	**(51)**	**(33 428)**	**(3 813)**	**-**	**108 705**
Motor vehicles	**62 600**	**34 072**	**-**	**(1 749)**	**(14 610)**	**(373)**	**-**	**79 940**
School equipment	**74 088**	**30 887**	**-**	**(5)**	**(14 809)**	**-**	**-**	**90 161**
Premises equipment	**37 103**	**3 963**	**121**	**(1 783)**	**(14 851)**	**(37)**	**-**	**24 516**
Office equipment	**4 391**	**1 665**	**-**	**-**	**(651)**	**(1 244)**	**-**	**4 161**
Total	**5 850 549**	**1 172 278**	**5 147**	**(14 959)**	**(116 024)**	**(238 505)**	**-**	**6 658 486**

Reconciliation of property, plant and equipment - group 2016 Restated

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Stadio unbundling	Impairment provision	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land and buildings	3 953 909	1 184 711	296 460	(1 488)	(1 567)	-	(11 227)	5 420 798
Furniture and fixtures	132 735	41 645	2 510	(405)	(27 215)	-	-	149 270
Computer equipment	72 361	64 545	1 649	(1 553)	(34 703)	-	-	102 299
Motor vehicles	56 215	15 704	5 681	(3 113)	(11 887)	-	-	62 600
School equipment	49 383	35 991	581	(797)	(11 070)	-	-	74 088
Premises equipment	14 104	24 854	6 941	(16)	(8 780)	-	-	37 103
Office equipment	3 309	1 412	175	-	(505)	-	-	4 391
Total	4 282 016	1 368 862	313 997	(7 372)	(95 727)	-	(11 227)	5 850 549

Notes to the consolidated and separate annual financial statements

Reconciliation of property, plant and equipment - company 2017

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Depreciation R'000	Stadio unbundling R'000	Impairment provision R'000	Closing balance R'000
Land and buildings	**4 081 129**	**904 764**	**5 000**	**(168 198)**	**(3 738)**	**-**	**-**	**4 818 957**
Furniture and fixtures	**125 424**	**87 790**	**26**	**(1 006)**	**(28 882)**	**-**	**-**	**183 352**
Computer equipment	**83 388**	**40 974**	**-**	**(51)**	**(27 697)**	**-**	**-**	**96 614**
Motor vehicles	**53 801**	**32 116**	**-**	**(1 426)**	**(12 960)**	**-**	**-**	**71 531**
School equipment	**65 267**	**27 074**	**-**	**(5)**	**(12 491)**	**-**	**-**	**79 845**
Premises equipment	**33 388**	**4 062**	**121**	**(1 783)**	**(13 894)**	**-**	**-**	**21 894**
Office equipment	**2 838**	**511**	**-**	**-**	**(151)**	**-**	**-**	**3 198**
Total	**4 445 235**	**1 097 291**	**5 147**	**(172 469)**	**(99 813)**	**-**	**-**	**5 275 391**

Reconciliation of property, plant and equipment - company 2016 Restated

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Depreciation R'000	Stadio unbundling R'000	Impairment provision R'000	Closing balance R'000
Land and buildings	3 008 178	1 020 489	65 760	(750)	(1 321)	-	(11 227)	4 081 129
Furniture and fixtures	114 275	33 657	217	(405)	(22 320)	-	-	125 424
Computer equipment	57 775	52 395	279	(994)	(26 067)	-	-	83 388
Motor vehicles	49 512	17 706	355	(3 101)	(10 671)	-	-	53 801
School equipment	43 465	32 906	-	(797)	(10 307)	-	-	65 267
Premises equipment	12 281	23 260	5 937	(16)	(8 074)	-	-	33 388
Office equipment	2 565	643	-	-	(370)	-	-	2 838
Total	3 288 051	1 181 056	72 548	(6 063)	(79 130)	-	(11 227)	4 445 235

Notes to the consolidated and separate annual financial statements

Pledged as security

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

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Land and buildings	**5 435 028**	4 409 760	**4 223 105**	3 334 075
Furniture and fixtures	**21 385**	25 166	**6 902**	9 507
Computer equipment	**7 580**	12 829	**-**	3 006
Motor vehicles	**67 988**	49 551	**64 203**	46 553
Premises equipment	**6 364**	6 876	**-**	-
Office equipment	**312**	344	**-**	-

Borrowing cost capitalised

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Borrowing costs capitalised to qualifying assets	**(66 018)**	(52 349)	**(65 711)**	(51 160)
Capitalisation rate used	**10,02%**	10,13%	**10,02%**	10,13%

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

In the current year, management reclassified R240 million of other financial assets to property, plant and equipment with respect to the year ended 31 December 2016 in the consolidated statement of financial position. The reclassification had no effect on the condensed consolidated statement of financial position in the previous year other than to appropriately reflect the nature of the underlying transaction, which has changed since December 2016.

Computer software was reclassified to intangible assets disclosed in note 6.

Notes to the consolidated and separate annual financial statements

5. Goodwil

Group

	2017 Cost	2017 Accumulated impairment	2017 Carrying	2016 Cost	2016 Accumulated impairment	2016 Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Goodwill	**402 703**	**(5 565)**	**397 137**	433 677	(5 565)	428 112

Company

	2017 Cost	2017 Accumulated impairment	2017 Carrying	2016 Cost	2016 Accumulated impairment	2016 Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Goodwill	**71 754**	**(5 565)**	**66 189**	63 437	(5 565)	57 872

Reconciliation of goodwill - group 2017

	Opening balance	Stadio unbundling	Changes through business combinations	Closing balance
	R'000	R'000	R'000	R'000
Goodwill	**428 112**	**(39 924)**	**8 949**	**397 137**

Reconciliation of goodwill - group 2016

	Opening balance	Stadio unbundling	Changes through business combinations	Closing balance
	R'000	R'000	R'000	R'000
Goodwill	332 495	-	95 617	428 112

Reconciliation of goodwill - company 2017

	Opening balance	Stadio unbundling	Changes through business combinations	Closing
	R'000	R'000	R'000	R'000
Goodwill	**57 872**	**-**	**8 317**	**66 189**

Reconciliation of goodwill - company 2016

	Opening balance	Stadio unbundling	Changes through business combinations	Closing balance
	R'000	R'000	R'000	R'000
Goodwill	57 872	-	-	57 872

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

During the year there was a measurement period adjustment of R0.63 million.

Notes to the consolidated and separate annual financial statements

5. Goodwill (continued)

When testing goodwill for impairment, the recoverable amounts of the CGUs, which are mostly represented by a school or campus, are determined using value-in-use calculations. The key assumptions for the value-in-use calculations are discount rates, growth in learner numbers and terminal growth rates. Management estimates discount rates using rates that reflect current market data available and these rates are adjusted for risks specific to the CGU. However all current CGUs with goodwill are matured schools and has been operating for more than 7 years. The terminal growth rate is based on the tuition fee increases, growth in learners number and reflects past experience.

The group and the company prepare cash flow forecasts based on the CGU's budgeted results as approved by the board of directors and extrapolate cash flows beyond this period based on the terminal growth rate of 8% (2016: 10%).

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

Group	**Discount rate 2017**	Discount rate 2016	**Forecast period 2017**	Forecast period 2016	**Goodwill 2017 R'000**	Goodwill 2016 R'000
Curro schools	**14.5% p.a**	15% p.a	**5 years**	5 years	**109 763**	100 814
Aurora College	**14.5% p.a**	15% p.a	**5 years**	5 years	**15 485**	15 485
Woodhill College	**14.5% p.a**	15% p.a	**5 years**	5 years	**59 191**	59 191
Campus and Property Management Company (Pty) Ltd	**14.5% p.a**	15% p.a	**5 years**	5 years	**96 337**	96 337
Embury Institute for Higher Education (Pty) Ltd	**14.5% p.a**	15% p.a	**5 years**	5 years	**-**	39 924
Waterstone College (Pty) Ltd	**14.5% p.a**	15% p.a	**5 years**	5 years	**57 944**	57 944
Curro Education Namibia (Pty) Ltd	**14.5% p.a**	15% p.a	**5 years**	5 years	**58 417**	58 417
					397 137	428 112

Company	**Discount rate 2017**	Discount rate 2016	**Forecast period 2017**	Forecast period 2016	**Goodwill 2017 R'000**	Goodwill 2016 R'000
Curro schools	**14.5% p.a**	15% p.a	**5 years**	5 years	**66 189**	57 872

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

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

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

Notes to the consolidated and separate annual financial statements

6. Intangible assets

Group

	2017			2016 Restated		
	Cost R'000	Accumulated amortisation and impairment R'000	Carrying value R'000	Cost R'000	Accumulated amortisation and impairment R'000	Carrying value R'000
Trademarks	57 973	(291)	57 682	73 549	(291)	73 258
Curriculum material	55 435	(2 297)	53 138	58 719	(1 325)	57 394
Learner enrolments	56 450	(29 902)	26 548	62 375	(25 887)	36 488
Software	62 387	(30 594)	31 793	44 581	(20 369)	24 212
Total	232 245	(63 084)	169 161	239 224	(47 872)	191 352

Company

	2017			2016 Restated		
	Cost R'000	Accumulated amortisation and impairment R'000	Carrying value R'000	Cost R'000	Accumulated amortisation and impairment R'000	Carrying value R'000
Trademarks	14 670	(237)	14 433	13 627	(237)	13 390
Curriculum material	55 435	(2 297)	53 138	38 654	(1 325)	37 329
Learner enrolments	26 916	(12 875)	14 041	27 721	(12 098)	15 623
Software	59 226	(29 034)	30 192	39 151	(19 155)	19 996
Total	156 247	(44 443)	111 804	119 153	(32 815)	86 338

Notes to the consolidated and separate annual financial statements

6. Intangible assets (continued)

Reconciliation of intangible assets - group 2017

	Opening balance R'000	Additions through business combinations R'000	Internally generated R'000	Additions R'000	Other changes, movements R'000	Stadio unbundling R'000	Amortisation R'000	Closing balance R'000
Trademarks	73 258	-	-	-	1 043	(16 619)	-	57 682
Curriculum material	57 394	-	16 781	-	-	(20 065)	(972)	53 138
Learner enrolments	36 488	4	-	-	-	(6 522)	(3 422)	26 548
Software	24 212	-	10 942	12 113	-	(4 829)	(10 645)	31 793
Total	191 352	4	27 723	12 113	1 043	(48 035)	(15 039)	169 161

Reconciliation of intangible assets - group 2016 Restated

	Opening balance R'000	Additions through business combinations R'000	Internally generated R'000	Additions R'000	Other changes, movements R'000	Stadio unbundling R'000	Amortisation R'000	Closing balance R'000
Trademarks	68 866	3 349	-	-	1 043	-	-	73 258
Curriculum material	28 852	-	29 044	-	-	-	(502)	57 394
Learner enrolments	36 235	5 319	-	-	-	-	(5 066)	36 488
Software	8 701	-	18 007	3 951	-	-	(6 447)	24 212
Total	142 654	8 668	47 051	3 951	1 043	-	(12 015)	191 352

Notes to the consolidated and separate annual financial statements

6. Intangible assets (continued)

Reconciliation of intangible assets - company 2017

	Opening balance R'000	Additions through business combinations R'000	Internally generated R'000	Additions R'000	Other changes, movements R'000	Stadio unbundling R'000	Amortisation R'000	Closing balance R'000
Trademarks	**13 390**	**-**	**-**	**-**	**1 043**	**-**	**-**	**14 433**
Curriculum material	**37 329**	**-**	**16 781**	**-**	**-**	**-**	**(972)**	**53 138**
Learner enrolments	**15 623**	**4**	**-**	**-**	**-**	**-**	**(1 586)**	**14 041**
Software	**19 996**	**-**	**10 942**	**9 133**	**-**	**-**	**(9 879)**	**30 192**
Total	**86 338**	**4**	**27 723**	**9 133**	**1 043**	**-**	**(12 437)**	**111 804**

Reconciliation of intangible assets - company 2016 Restated

	Opening balance R'000	Additions through business combinations R'000	Internally generated R'000	Additions R'000	Other changes, movements R'000	Stadio unbundling R'000	Amortisation R'000	Closing balance R'000
Trademarks	12 347	-	-	-	1 043	-	-	13 390
Curriculum material	21 327	-	16 504	-	-	-	(502)	37 329
Learner enrolments	17 656	-	-	-	-	-	(2 033)	15 623
Software	8 127	-	18 007	-	-	-	(6 138)	19 996
Total	59 457	-	34 511	-	1 043	-	(8 673)	86 338

Notes to the consolidated and separate annual financial statements

Other information

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

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

Computer software was reclassified from property plant and equipment to intangible assets.

7. Investment in subsidiaries

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

Name of company	**% holding 2017**	% holding 2016	**Carrying amount 2017 R'000**	Carrying amount 2016 R'000
Building Blocks Prep School (Pty) Ltd	**100%**	100%	**-**	-
Campus and Property Management Company (Pty) Ltd	**65%**	65%	**-**	-
Curro Holdings Limited Share Incentive Trust	**100%**	100%	**-**	-
Curro Education Namibia (Pty) Ltd	**100%**	100%	**-**	-
Curro Financial Services (Pty) Ltd	**100%**	-%	**-**	-
Curro Funding Company (Pty) Ltd	**100%**	100%	**-**	-
De Jager Kids (Pty) Ltd	**100%**	100%	**-**	-
Dream Park Village (Pty) Ltd	**100%**	100%	**3 148**	3 148
Embury Institute for Higher Education (Pty) Ltd	**-%**	100%	**-**	60 811
Meridian College Schools NPC	**100%**	100%	**-**	-
Meridian Operations Company (RF) NPC	**65%**	65%	**-**	-
Plot One Hundred Bush Hill (Pty) Ltd	**100%**	100%	**21 338**	21 338
Sheerprops 129 (Pty) Ltd	**100%**	100%	**81 675**	81 675
Stratland Developments (Pty) Ltd	**100%**	100%	**1 965**	1 965
Waterstone College (Pty) Ltd	**100%**	100%	**130 000**	130 000
Woodhill College Property Holdings (Pty) Ltd	**100%**	100%	**140 000**	140 000
			378 126	438 937

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

Subsidiaries with material non-controlling interests

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

Subsidiary	**Principal place of business**	**% Ownership interest held by non-controlling interest 2017**	2016
Campus and Property Management Company (Pty) Ltd	South Africa	**35%**	35%
Meridian Operations Company (RF) NPC	South Africa	**35%**	35%

Meridian Operations Company (RF) NPC is a subsidiary in terms of International Financial Reporting Standards, but not in its legal form.

Notes to the consolidated and separate annual financial statements

7. Investment in subsidiaries (continued)

Summarised statement of financial position

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000
Assets						
Non-current assets	**640 163**	627 781	**-**	-	**640 163**	627 781
Current assets	**36 862**	22 865	**25 971**	28 411	**62 833**	51 276
Total assets	**677 025**	650 646	**25 971**	28 411	**702 996**	679 057
Liabilities						
Non-current liabilities	**704 216**	652 446	**-**	-	**704 216**	652 446
Current liabilities	**21 761**	35 672	**46 736**	29 468	**68 497**	65 140
Total liabilities	**725 977**	688 118	**46 736**	29 468	**772 713**	717 586
Total net liabilities	**(48 952)**	(37 472)	**(20 765)**	(1 057)	**(69 717)**	(38 529)
Non-controlling interest per statement of financial position					**(22 587)**	(11 671)

Summarised statement of comprehensive income

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000
Revenue	**103 379**	98 504	**166 495**	176 289	**269 874**	274 793
Operating expenses	**(50 166)**	(69 936)	**(188 051)**	(165 432)	**(238 217)**	(235 368)
Earnings (loss) before interest and taxation	**53 213**	28 568	**(21 556)**	10 857	**31 657**	39 425
Net finance (costs) income	**(69 060)**	(62 622)	**1 848**	1 497	**(67 212)**	(61 125)
Taxation	**4 367**	9 387	**-**	-	**4 367**	9 387
(Loss) profit for the year	**(11 480)**	(24 667)	**(19 708)**	12 354	**(31 188)**	(12 313)
Loss allocated to non-controlling interest					**(10 916)**	(4 310)

Summarised statement of cash flows

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000
Cash flows from operating activities	**9 958**	65 641	**(4 801)**	(387)	**5 157**	65 254
Cash flows from investing activities	**(23 176)**	(51 933)	**-**	-	**(23 176)**	(51 933)
Cash flows from financing activities	**13 949**	(32 219)	**-**	-	**13 949**	(32 219)
Net increase (decrease) in cash	**731**	(18 511)	**(4 801)**	(387)	**(4 070)**	(18 898)

Notes to the consolidated and separate annual financial statements

7. Investment in subsidiaries (continued)

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

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

8. Investment in associate

Group

	% ownership interest 2017	% ownership interest 2016	**Carrying amount 2017 R'000**	Carrying amount 2016 R'000
GRIT Procurement Solutions (Pty) Ltd	**40%**	40%	**12 183**	10 794

Company

	% ownership interest 2017	% ownership interest 2016	**Carrying amount 2017 R'000**	Carrying amount 2016 R'000
GRIT Procurement Solutions (Pty) Ltd	**40%**	40%	**6 000**	6 000

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

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

Notes to the consolidated and separate annual financial statements

9. Loans to (from) group companies

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Subsidiaries				
Campus and Property Management Company (Pty) Ltd The loan bears interest at three-month JIBAR plus 10% per annum. Repayments are expected to commence in 2028.	**-**	**-**	**50 809**	50 809
Campus and Property Management Company (Pty) Ltd The loan is interest free and unsecured, and there are no fixed terms of repayment.	**-**	**-**	**11 775**	9 267
Curro Holdings Limited Share Incentive Trust The secured loan bears interest at rates approximating those received on the loans to participants and cash and cash equivalents and is repayable within three years from grant date.	**-**	**-**	**43 720**	32 686
Curro Education Namibia (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**-**	**-**	**237 115**	182 288
Curro Funding Company (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**-**	**-**	**34 339**	(907)
Dream Park Village (Pty) Ltd The loan is interest free and unsecured, and there are no fixed terms of repayment.	**-**	**-**	**3 185**	3 185
Embury Institute for Higher Education (Pty) Ltd The loan was interest free and unsecured, and was capitalised with the unbundling of Stadio.	**-**	**-**	**-**	210 664
Plot One Hundred Bush Hill (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**-**	**-**	**23 321**	22 265
Sheerprops 129 (Pty) Ltd The loan is interest free and unsecured, and there are no fixed terms of repayment.	**-**	**-**	**8 077**	8 927
Stratland Developments (Pty) Ltd The loan is interest free and unsecured, and there are no fixed terms of repayment.	**-**	**-**	**901**	901
Waterstone College (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**-**	**-**	**12 881**	43 099
Woodhill College Property Holdings (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**-**	**-**	**55 088**	58 596
	-	-	**481 211**	621 780

Disclosed as follows:

Non-current assets	**-**	**-**	**88 585**	79 860
Current assets	**-**	**-**	**392 626**	542 827
Current liabilities	**-**	**-**	**-**	(907)
	-	-	**481 211**	621 780

Notes to the consolidated and separate annual financial statements

10. Other financial assets

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
At fair value through profit or loss - held for trading				
Interest rate swap	**-**	1 182	**-**	1 182
Interest rate swap on notional amount of R512.5 million at a fixed interest rate of 7.84% plus a margin of 2.35%. The interest rate swap was replaced during the year.				
	-	1 182	**-**	1 182
Loans and receivables				
Stadio Corporate Services (Pty) Ltd	**119 042**	-	**119 042**	-
The loan is secured by property, bears interest at 10%, and has no fixed repayment terms.				
Loans to directors and employees	**43 711**	31 042	**-**	-
The loans bear interest at the SARS fringe benefit rate, currently 7.75%, and are repayable within three years from issue. The loans are granted in terms of the Curro Holdings Limited Share Incentive Trust trust deed for the acquisition of qualifying vested shares.				
Former owners of Building Blocks Prep School (Pty) Ltd	**-**	625	**-**	625
The loan is unsecured, bears no interest and has no fixed repayment terms.				
	162 753	31 667	**119 042**	625
Total other financial assets	**162 753**	32 849	**119 042**	1 807
Non-current assets				
At fair value through profit or loss	**-**	1 182	**-**	1 182
Loans and receivables	**37 765**	28 032	**-**	625
	37 765	29 214	**-**	1 807
Current assets				
Loans and receivables	**124 988**	3 635	**119 042**	-
	162 753	32 849	**119 042**	1 807

Notes to the consolidated and separate annual financial statements

11. Derivative financial instruments and hedging information

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

Group and company

	2017		2016	
	Assets R'000	**Liabilities R'000**	Assets R'000	Liabilities R'000
Interest rate swaps - cash flow hedges	**-**	**17 298**	1 182	597
Non-current portion	**-**	**17 298**	1 182	597

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

No ineffective portion of the cash flow hedges were recognised during the year (2016: Rnil).

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2017 were R725 million (2016: R512.5 million).

At 31 December 2017, the fixed interest rates vary from 7.84% to 8.21% (2016: 7.43% to 7.85%), and the main floating rates are JIBAR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2017 will be continuously released to the statement of comprehensive income until the repayment of the borrowings.

12. Deferred tax liability

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Property, plant and equipment	**(493 002)**	(419 463)	**(312 693)**	(245 467)
Prepaid expenditure	**(24 545)**	(15 184)	**(23 598)**	(11 894)
Interest rate swaps	**4 843**	(164)	**4 843**	(164)
Intangible assets	**(26 280)**	(32 167)	**(7 305)**	(7 638)
Income received in advance	**32 366**	39 445	**29 282**	31 554
Provision for bonuses	**1 119**	3 433	**1 119**	3 217
Donations	**6 160**	6 160	**-**	-
Tax losses available for set off against future taxable	**123 887**	99 873	**89 213**	73 830
Total deferred tax liability	**(375 452)**	(318 067)	**(219 139)**	(156 562)

Reconciliation of net deferred tax liability

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at the beginning of the year	**(318 067)**	(188 564)	**(156 562)**	(97 735)
Originating temporary differences on:				
Property, plant and equipment	**(73 539)**	(159 540)	**(67 225)**	(76 596)
Prepaid expenditure	**(9 361)**	(13 105)	**(11 704)**	(10 614)
Intangible assets	**5 887**	(4 504)	**333**	562
Income received in advance	**(7 079)**	11 930	**(2 273)**	7 837
Provision for doubtful debts	**-**	-	**-**	-
Provision for bonuses	**(2 314)**	3 433	**(2 098)**	3 217
Donations	**-**	6 160	**-**	-
Interest rate swaps	**5 007**	(164)	**5 007**	(164)
Increase in tax losses available for set off against future taxable income	**24 014**	26 287	**15 383**	16 931
Balance at the end of the year	**(375 452)**	(318 067)	**(219 139)**	(156 562)

The statutory companies within the group are individually in a net deferred tax liability position.

Notes to the consolidated and separate annual financial statements

12. Deferred tax liability (continued)

Recognition of deferred tax asset

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

13. Inventories

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Merchandise	**3 355**	9 777	**645**	642

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

14. Trade and other receivables

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Gross receivables	**65 512**	29 430	**118 446**	94 777
Provision for impairment	**-**	-	**-**	-
Trade receivables	**65 512**	29 430	**118 446**	94 777
Prepayments	**22 194**	33 151	**18 526**	30 412
Deposits	**1 234**	6 006	**366**	317
Value added taxation	**16 478**	13 677	**2 745**	5 266
Other receivables	**2 938**	2 920	**168**	79
	108 356	85 184	**140 251**	130 851

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

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

No credit insurance is taken out by the group or the company.

The net carrying values of receivables are considered to be a close approximation of their fair values.

Except for Waterstone College (Pty) Ltd with a R65 million (2016: R66 million) balance in the company, no individual debtor represents more than 10% of the total debtors balance in the current or prior year.

Trade receivables past due but not impaired

Group

Trade receivables with renegotiated terms of payment or with acceptable payment history are not considered to be impaired. At 31 December 2017, R17,1 million (2016: R10,9 million) were past due but not impaired.

Company

Trade receivables with renegotiated terms of payment or with acceptable payment history are not considered to be impaired. At 31 December 2017, R11,8 million (2016: R7,7 million) were past due but not impaired.

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

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
1 month past due	**6 893**	5 722	**4 513**	4 021
2 months past due	**3 943**	3 176	**2 832**	2 213
3 months past due	**6 228**	2 044	**4 501**	1 488
	17 064	10 942	**11 846**	7 722

Notes to the consolidated and separate annual financial statements

14. Trade and other receivables (continued)

Trade receivables impaired
Group
As of 31 December 2017, trade and other receivables of R nil (2016: R nil) were impaired and provided for.

Company
As of 31 December 2017, trade and other receivables of R nil (2016: R nil) were impaired and provided for.

15. Cash and cash equivalents

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Cash and cash equivalents consists of:				
Bank balances	**570 837**	705 657	**530 773**	530 948

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

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Amount of undrawn facilities available as at 31 December	**679 800**	372 000	**550 000**	225 000

16. Share Capital

	Group		Company	
	2017	2016	**2017**	2016
Authorised				
Ordinary shares with no par value ('000)	**600 000**	600 000	**600 000**	600 000
Issued				
Ordinary shares with no par value (R'000)	**4 732 924**	4 556 399	**4 883 290**	4 677 107
Reconciliation of number of shares issued:				
Reported as at 1 January 2017 ('000)	**407 152**	356 867	**407 152**	356 867
Issue of shares ('000)	**4 936**	50 285	**4 936**	50 285
	412 088	407 152	**412 088**	407 152

Unissued ordinary shares of 40 715 206 are under the control of the directors in terms of a shareholders resolution passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

17. Share based payments

17.1 Details of the employee option plan of the company

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

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

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

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

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

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

17.2 Movements in share options during the year

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

	2017		2016	
	Number of options	**Weighted average exercise price (Rand)**	Number of options	Weighted average exercise price (Rand)
Outstanding at the beginning of the year	**5 842 039**	**31,10**	6 551 570	22,66
Awarded during the year	**2 697 500**	**37,53**	1 597 400	42,01
Exercised during the year	**(1 526 836)**	**18,07**	(2 179 131)	9,48
Forfeited during the year	**(209 009)**	**30,00**	(127 800)	18,06
Outstanding at end of the year	**6 803 694**	**31,39**	5 842 039	31,10

The number of shares available to award at the reporting date in terms of the Curro Holdings Limited Share Incentive Trust deed is 4 829 953 (2016: 7 318 444) shares.

17. Share based payments (continued)

17.2 Movements in share options during the year (continued)

Details of share options granted to and exercised by directors:

Director	Opening balance of share options awarded at 1 January 2017	Number of share options awarded during the year	Number of share options exercised during the year	Strike price per share options awarded (Rand)	Exercise price per share option (Rand)	Share options award date	Closing balance of share options as at 31 December 2017
CR van der Merwe	**46 889**	**-**	**(46 889)**	17,10	7,93	2012/09/29	**-**
	200 787	**-**	**(100 394)**	19,61	11,51	2013/09/29	**100 393**
	100 650	**-**	**(33 550)**	25,58	18,24	2014/09/29	**67 100**
	197 200	**-**	**(49 300)**	35,42	29,01	2015/09/29	**147 900**
	140 200	**-**	**-**	42,01	36,21	2016/09/29	**140 200**
	685 726	**-**	**(230 133)**				**455 593**
AJF Greyling	**35 630**	**-**	**(35 630)**	17,10	7,93	2012/09/29	**-**
	118 598	**-**	**(59 300)**	19,61	11,51	2013/09/29	**59 298**
	70 425	**-**	**(23 475)**	25,58	18,24	2014/09/29	**46 950**
	120 600	**-**	**(30 150)**	35,42	29,01	2015/09/29	**90 450**
	95 800	**-**	**-**	42,01	36,21	2016/09/29	**95 800**
	-	**273 700**	**-**	37,53	37,53	2017/09/29	**273 700**
	441 053	**273 700**	**(148 555)**				**566 198**
B van der Linde	**23 805**	**-**	**(23 805)**	17,10	7,93	2012/09/29	**-**
	85 963	**-**	**(42 981)**	19,61	11,51	2013/09/29	**42 982**
	59 025	**-**	**(19 675)**	25,58	18,24	2014/09/29	**39 350**
	84 700	**-**	**(21 175)**	35,42	29,01	2015/09/29	**63 525**
	67 200	**-**	**-**	42,01	36,21	2016/09/29	**67 200**
	-	**167 700**	**-**	37,53	37,53	2017/09/29	**167 700**
	320 693	**167 700**	**(107 636)**				**380 757**
HG Louw	**24 885**	**-**	**(24 885)**	17,10	7,93	2012/09/29	**-**
	91 456	**-**	**(45 728)**	19,61	11,51	2013/09/29	**45 728**
	47 625	**-**	**(15 875)**	25,58	18,24	2014/09/29	**31 750**
	87 300	**-**	**(21 825)**	35,42	29,01	2015/09/29	**65 475**
	68 800	**-**	**-**	42,01	36,21	2016/09/29	**68 800**
	-	**114 900**	**-**	37,53	37,53	2017/09/29	**114 900**
	320 066	**114 900**	**(108 313)**				**326 653**
	1 767 538	**556 300**	**(594 637)**				**1 729 201**

828 272 shares are offered as security for the loans provided by Curro Holdings Limited Share Incentive Trust.

Vesting year	Number of options outstanding	Weighted average strike price (Rand)
29 September 2018	1 678 466	23,21
29 September 2019	1 944 900	30,63
29 September 2020	1 444 400	34,92
29 September 2021	1 061 575	37,05
29 September 2022	674 353	37,53
	6 803 694	31,39

Notes to the consolidated and separate annual financial statements

17. Share based payments (continued)

17.3 Share option expense for the year

Total expense of R16,5 million (2016: R14,3 million) related to equity-settled share based payment transactions were recognised in operating expenses within profit or loss during the year.

17.4 Assumptions used in fair value

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

	2017	2016
Strike price (Rand)	**37,53**	42,01
Current share price (Rand)	**37,53**	42,01
Fair value (Rand)	**11,41**	15,05
Volatility (%)	**22,89**	34,44
Risk free rate (%)	**8,40**	8,01
Dividend yield (%)	**-**	-

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

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

18. Hedging reserve

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

The movement in the hedging reserve is illustrated below:

	Group		**Company**	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Balance as at the beginning of the year	**701**	21 466	**701**	21 466
Recognition of fair value movement, after taxation	**(13 200)**	(20 765)	**(13 200)**	(20 765)
Balance at the end of the year	**(12 499)**	701	**(12 499)**	701

19. Other financial liabilities

	Group		**Company**	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
At fair value through profit or loss-held for trading				
Interest rate swap	**-**	60	**-**	60
Interest rate swap on a notional amount of R75 million at a fixed interest rate of 7.49% plus a margin of 2.75%. The interest rate swap was replaced during the year.				
Interest rate swap	**-**	537	**-**	537
Interest rate swap on a notional amount of R62.5 million at a fixed interest rate of 7.85% plus a margin of 2.60%. The interest rate swap was replaced during the year.				

19. Other financial liabilities

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
At fair value through profit or loss-held for trading				
Interest rate swap	**9 941**	-	**9 941**	-
Interest rate swap on a notional amount of R512.5 million with a termination date of 29 September 2020 at a fixed interest rate of 7.84%.				
Interest rate swap	**7 356**	-	**7 356**	-
Interest rate swap on a notional amount of R212.5 million with a termination date of 15 December 2022 at a fixed interest rate of 8.21%.				
Total at fair value through profit or loss	**17 297**	597	**17 297**	597
Held at amortised cost				
ABSA Bank Ltd - Instalment sale agreements	**49 705**	34 132	**49 705**	34 132
The secured loans bear interest at various prime linked rates, payable in monthly instalments ranging from R1,109 to R116,552. Secured by fixed assets as disclosed in note 4.				
ABSA Bank Ltd - 5 year bullet loan	**50 025**	-	**50 025**	-
The secured loan bears interest at a three-month JIBAR plus 1.975%, payable in December 2022.				
Development Bank of South Africa	**149 957**	144 445	**149 957**	144 445
The secured loan bears interest at 12.11% per annum, payable in bi-annual instalments. Repayable during the period August 2015 to August 2029				
Development Bank of South Africa	**7 772**	8 147	**7 772**	8 147
Consists of two secured loans bearing interest at 9.57% and 12.03% per annum, payable in monthly and bi-annual instalments respectively. Repayable during March 2027 and October 2029.				
Development bonds	**6 463**	8 278	**-**	-
Development bonds are refunded when the learner leaves the school, or after three years have elapsed since its payment, whichever is the later date. The development bonds bear interest.				
Debentures - fixed fee	**200**	200	**200**	200
The unsecured debenture is interest free in exchange for a fixed school fee of R17,000 per annum for 12 years. The capital is repayable on 27 August 2021.				
Debentures - Prepaid block	**1 501**	2 994	**450**	276
The secured debentures are interest free and are repaid through set off against annual school fees over the relevant period.				
Old Mutual Assurance Group South Africa (Pty) Ltd	**144 808**	132 566	**-**	-
The loan bears interest at various rates from 4% to 10% linked to a three-month JIBAR rate. The loan has a 15 year term. Repayable during the period 2018 to 2027. Refer restrictive funding arrangement disclosure below.				

Notes to the consolidated and separate annual financial statements

19. Other financial liabilities (continued)

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Senior Secured Floating Rate Notes (Stock Code COH001) The notes bear interest at three-month JIBAR plus 2.75%. The notes were settled during the year.	**-**	151 371	**-**	151 371
Senior Secured Floating Rate Notes (Stock Code COH002) The notes bear interest at three-month JIBAR plus 2.60%. The notes were settled during the year.	**-**	127 558	**-**	127 558
Schools and Education Investment Impact Fund of South Africa (SEIIFSA) The loan bears interest at various rates from 4% to 10% linked to three-month JIBAR rate. The loan has a 15 year term. Repayable during the period 2018 to 2027. Refer restrictive funding arrangement disclosure below.	**502 069**	458 289	**-**	-
Standard Bank of South Africa Ltd (First Bullet Facility) The loan bears interest at three-month JIBAR plus 2.35%, the loan was settled during the year.	**-**	425 000	**-**	425 000
Standard Bank of South Africa Ltd (Second Bullet Facility) The loan bears interest at three-month JIBAR plus 2.15%, the loan was settled during the year.	**-**	50 000	**-**	50 000
Standard Bank of South Africa Ltd - Instalment Sale The secured loans bear interest at various prime linked rates, payable in monthly instalments ranging from R2,063 to R194,473. Secured by fixed assets as disclosed in note 4.	**6 381**	16 863	**6 381**	16 863
Standard Bank of South Africa Ltd -3 year bullet loan The secured loan bears interest at three-month JIBAR plus 1.75%, payable in September 2020.	**850 609**	-	**850 609**	-
Standard Bank of South Africa Ltd - 5 year bullet loan The secured loan bears interest at three-month JIBAR plus 2.05%, payable in September 2022.	**605 123**	-	**605 123**	-
Nedbank Ltd - Instalment sale agreements The secured loan bears interest at 10.25% payable in monthly instalments of R11,050. Secured by fixed assets as disclosed in note 4.	**54**	174	**54**	174
Other loan The loan bears no interest and is not repayable within the next 12 months.	**298**	298	**298**	298
Sanlam The secured loan bears interest at three-month JIBAR plus 2.35%, the loan was settled during the year.	**-**	100 000	**-**	100 000
Transaction cost incurred	**(10 087)**	(10 078)	**(8 947)**	(8 824)
Total at amortised cost	**2 364 878**	1 650 237	**1 711 627**	1 049 640
	2 382 175	1 650 834	**1 728 924**	1 050 237
Non-current liabilities				
Fair value through profit or loss	**17 298**	597	**17 298**	597
At amortised cost	**2 324 431**	1 623 054	**1 671 180**	1 022 457
	2 341 729	1 623 651	**1 688 478**	1 023 054
Current liabilities				
At amortised cost	**40 447**	27 183	**40 447**	27 183
	2 382 176	**1 650 834**	**1 728 925**	**1 050 237**

Notes to the consolidated and separate annual financial statements

19. Other financial liabilities (continued)

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

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

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

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

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

20. Finance lease liabilities

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Minimum lease payments due				
- within one year	**25 182**	27 447	**25 182**	27 447
- in second to fifth year inclusive	**54 207**	41 630	**54 207**	41 630
	79 389	69 077	**79 389**	69 077
less: future finance charges	**(22 690)**	(17 908)	**(22 690)**	(17 908)
Present value of minimum lease payments	**56 699**	**51 169**	**56 699**	**51 169**
Present value of minimum lease payments due				
- within one year	**20 291**	22 710	**20 291**	22 710
- in second to fifth year inclusive	**36 408**	28 459	**36 408**	28 459
	56 699	**51 169**	**56 699**	**51 169**

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

Notes to the consolidated and separate annual financial statements

21. Trade and other payables

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Income received in advance	**134 532**	171 225	**104 920**	119 982
Trade payables	**41 880**	38 870	**34 133**	39 359
Development and acquisition payables	**27 221**	90 850	**24 267**	51 470
Accrued expense	**115 620**	77 988	**98 426**	58 421
Entrance deposits	**4 323**	4 720	**2 745**	3 142
Value added taxation	**4 896**	2 840	**-**	162
Onerous contracts	**2 079**	2 380	**1 465**	1 692
	330 551	388 873	**265 956**	274 228

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

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

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

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

22. Revenue

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Rendering of services	**2 098 060**	1 714 407	**1 641 777**	1 319 508
The amount included in revenue:				
Registration and tuition fees	**1 951 405**	1 586 255	**1 555 596**	1 253 465
Other income	**95 930**	73 454	**78 866**	55 985
Hostel fees	**58 610**	59 446	**14 432**	12 731
Aftercare fees	**54 406**	46 658	**45 750**	40 096
Tablet curriculum fees	**35 414**	27 352	**32 398**	25 841
Bus income	**24 705**	20 451	**24 084**	20 143
Rental income	**11 577**	6 684	**5 541**	6 637
Subsidy income	**2 771**	2 575	**-**	-
Discounts granted	**(136 758)**	(108 468)	**(114 890)**	(95 390)
	2 098 060	1 714 407	**1 641 777**	1 319 508

Notes to the consolidated and separate annual financial statements

23. Earnings before interest and taxation

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

		Group		Company	
		2017	2016	**2017**	2016
		R'000	R'000	**R'000**	R'000
Operating lease charges					
Premises - contractual amounts		**19 481**	2 954	**35 535**	17 618
Equipment - contractual amounts		**15 135**	19 204	**12 862**	17 183
		34 616	22 158	**48 397**	34 801
Profit (loss) on sale of property, plant and equipment		**12 648**	(503)	**907**	(190)
Loss on capital contribution - share incentive plan		**-**	-	**29 659**	77 353
Amortisation on intangible assets		**15 039**	10 740	**12 437**	8 673
Depreciation on property, plant and equipment		**116 024**	95 727	**99 813**	79 130
Employee costs		**1 107 217**	917 755	**866 672**	715 700
Repairs and maintenance		**19 867**	27 625	**16 163**	22 403
Bad debts written off		**53 627**	23 574	**40 389**	18 797

24. Investment income

		Group		Company	
		2017	2016	**2017**	2016
		R'000	R'000	**R'000**	R'000
Dividend received					
Subsidiaries - local		**-**	-	**-**	25 486
Interest received					
Bank and Money Market		**30 531**	54 955	**26 228**	47 470
Interest charged on trade and other receivables		**3 501**	1 895	**3 490**	1 895
Related parties	36	**7 314**	-	**44 097**	27 316
		41 346	56 850	**73 815**	76 681
		41 346	56 850	**73 815**	102 167

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

25. Finance cost

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Borrowings	**180 642**	179 588	**112 928**	112 275
Bank	**4 265**	137	**1 448**	53
Other interest paid	**449**	14	**4**	7
Less: Interest capitalised	**(66 018)**	(52 349)	**(65 711)**	(51 160)
	119 338	127 390	**48 669**	61 175

The capitalisation rate used for the group and the company during the period was 10,02% (2016: 10,13%) on general borrowings for capital projects.

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

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

Notes to the consolidated and separate annual financial statements

26. Taxation

Major components of tax expenses

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Current taxation				
Local income tax - current period	**8 978**	7 328	**-**	-
Deferred taxation				
Temporary differences - current period	**65 710**	32 492	**66 306**	39 740
Capital gains tax rate change	**-**	3 730	**-**	1 247
Arising from prior period adjustments	**-**	996	**-**	996
	65 710	37 218	**66 306**	41 983
	74 688	44 546	**66 306**	41 983

Reconciliation of the tax expense

Reconciliation between applicable tax rate and effective tax rate

	Group 2017	Group 2016	Company 2017	Company 2016
Applicable tax rate	**28,0%**	28,0%	**28,0%**	28,0%
Non-taxable income - gain on bargain purchase	**-%**	(1,9%)	**-%**	(6,9%)
Non-taxable income - profit on sale of property, plant and equipment	**(0,1%)**	0,1%	**(0,0%)**	(0,1%)
Non-taxable income - share of profit of associate	**(0,1%)**	(0,1%)	**-%**	-%
Non-taxable income - dividend received in specie	**-%**	-%	**-%**	(12,0%)
Non-taxable income - Curro Education Namibia	**(0,4%)**	-%	**-%**	-%
Non-deductible expenditure - share-based payment expenditure	**1,7%**	1,9%	**2,0%**	6,9%
Non-deductible expenditure - impairment losses	**-%**	1,5%	**-%**	46,5%
Non-deductible expenditure - other	**0,2%**	-%	**-%**	-%
Deferred tax - increase in capital gains tax rate	**-%**	1,7%	**-%**	2,1%
Deferred tax - prior year correction	**-%**	0,5%	**-%**	1,7%
Capital contribution - share incentive scheme	**(3,1%)**	(10,1%)	**-%**	-%
Other	**1,3%**	0,6%	**(1,3%)**	4,2%
Effective tax rate	**27,5%**	22,2%	**28,7%**	70,4%

Group

The estimated tax loss available for set off against taxable income is R442,08 million (2016: R356,70 million).

Company

No provision has been made for 2017 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R318,62 million (2016: R263,70 million).

27. Auditors remuneration

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Audit fees	**1 368**	1 736	**1 067**	1 300
Fees for non-audit services	**-**	57	**-**	-
	1 368	1 793	**1 067**	1 300

Notes to the consolidated and separate annual financial statements

28. Operating leases

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

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Premises				
- within one year	**14 399**	22 339	**14 399**	35 667
- in second to fifth year inclusive	**75 434**	188 046	**75 434**	112 435
- later than five years	**84 350**	299 114	**84 350**	171 432
	174 183	**509 499**	**174 183**	**319 534**
Equipment				
- within one year	**7 275**	7 094	**7 064**	6 548
- in second to fifth year inclusive	**2 901**	6 766	**2 758**	6 406
	10 176	**13 860**	**9 822**	**12 954**

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

29. Other comprehensive income

Components of other comprehensive income	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Items that may be reclassified to profit or loss				
Effects of cash flow hedges				
Gross	**(18 207)**	(20 601)	**(18 207)**	(20 601)
Tax	**5 007**	(164)	**5 007**	(164)
Net	**(13 200)**	(20 765)	**(13 200)**	(20 765)

30. Earnings per share

	Group	
	2017	2016
	R'000	R'000
Basic earnings per share		
Attributable to continuing operations (cents per share)	**51,9**	42,6
Attributable to discontinued operations (cents per share)	**(0,9)**	2,1
	51,0	44,7

Basic earnings per share was based on earnings of R208,682 million (2016: R171,673 million) and a weighted average number of ordinary shares of 408,889 million (2016: 384,702 million).

	Group	
	2017	2016
	R'000	R'000
Reconciliation of profit or loss for the year to basic earnings		
Profit or loss for the year attributable to equity holders of the parent		
From continuing operations	**212 917**	164 522
From discontinued operations	**(4 235)**	7 151
	208 682	171 673

30. Earnings per share (continue)

Diluted earnings per share

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

	Group	
	2017	2016
	R'000	R'000
Diluted earnings per share		
Attributable to continuing operations (cents per share)	**51,7**	42,4
Attributable to discontinued operations (cents per share)	**(0,9)**	2,1
	50,8	44,5
Reconciliation of basic earnings to diluted earnings		
Basic earnings		
From continuing operations	**212 917**	164 522
From discontinued operations	**(4 235)**	7 151
	208 682	171 673
The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows.		
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	**408 889**	384 702
Shares deemed to be issued for no consideration in respect of:		
- Share options incentive plan ('000)	**1 505**	1 681
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	**410 394**	386 383
Headline earnings per share		
Attributable to continuing operations (cents per share)	**49,0**	41,8
Attributable to discontinued operations (cents per share)	**(0,9)**	2,1
	48,1	43,9
Diluted headline earnings per share		
Attributable to continuing operations (cents per share)	**48,9**	41,6
Attributable to discontinued operations (cents per share)	**(0,9)**	2,1
	48,0	43,7
Reconciliation between earnings and headline earnings		
Basic earnings		
From continuing operations	**212 917**	164 522
From discontinued operations	**(4 235)**	7 151
	208 682	171 673
Adjusted for:		
(Profit) loss on disposal of property, plant and equipment (continuing operations)	**(12 648)**	502
Loss on impairment (continuing operations)	**-**	11 227
Gain on bargain purchase (continuing operations)	**-**	(14 701)
Tax effect of reconciling items	**478**	-
Headline earnings		
From continuing	**200 747**	161 550
From discontinued operations	**(4 235)**	7 151
	196 512	168 701

Notes to the consolidated and separate annual financial statements

30. Earnings per share (continue)

	Group 2017 R'000	Group 2016 R'000
Reconciliation between diluted earnings and diluted headline earnings		
Diluted earnings		
From continuing operations	**212 917**	164 522
From discontinued operations	**(4 235)**	7 151
	208 682	171 673
Adjusted for:		
(Profit) loss on disposal of property, plant and equipment (continuing operations)	**(12 648)**	502
Loss on impairment (continuing operations)	**-**	11 227
Gain on bargain purchase (continuing operations)	**-**	(14 701)
Tax effect of reconciling items	**478**	-
Diluted headline earnings		
From continuing	**200 747**	161 550
From discontinued operations	**(4 235)**	7 151
	196 512	168 701

31. Cash generated from operations

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Profit before taxation from continuing operations	**276 690**	204 757	**234 771**	59 666
(Loss) profit before taxation for discontinued operations	**(4 470)**	10 393	**-**	-
	272 220	215 150	**234 771**	59 666
Adjustments for:				
Depreciation and amortisation	**137 329**	107 742	**112 250**	87 803
Net (profit) loss on disposal of property, plant and equipment	**(12 648)**	494	**(907)**	169
Income from equity accounted investments	**(1 190)**	(977)	**-**	-
Dividends received	**-**	-	**-**	(25 486)
Interest received	**(48 076)**	(58 504)	**(73 814)**	(76 681)
Finance costs	**124 845**	127 390	**48 669**	61 175
Impairment	**-**	11 227	**-**	99 118
Non cash flow interest on hedge recognised through equity	**-**	(2 030)	**-**	(2 030)
Realised profit from share of profits of associates	**(198)**	(263)	**-**	-
Share based payment expense	**16 536**	14 282	**16 536**	14 282
Gain on bargain purchase	**-**	(14 701)	**-**	(14 701)
Loss on capital contribution	**-**	-	**29 659**	-
Changes in working capital:				
(Increase) decrease in inventories	**2 616**	574	**(3)**	733
(Increase) decrease in trade and other receivables	**(26 368)**	(47 716)	**(9 356)**	(60 649)
Increase (decrease) in trade and other payables	**(67 586)**	128 639	**(9 316)**	72 387
	397 480	481 307	**348 489**	215 786

Notes to the consolidated and separate annual financial statements

32. Taxation (paid) refunded

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Balance at beginning of the year	**7 434**	5 903	**1 151**	1 263
Current tax for the year recognised in profit or loss	**(8 978)**	(7 328)	**-**	-
Stadio unbundling	**(3 808)**	-	**-**	-
Balance at end of the year	**(2 302)**	(7 433)	**(1 151)**	(1 151)
	(7 654)	(8 858)	**-**	112

33. Business combinations

	Group	Company
	2017	2017
	R'000	R'000
Business combinations		
Property, plant and equipment	**5 147**	5 147
Intangible assets	**4**	4
Trade and other receivables	**46**	46
Cash and cash equivalents	**83**	83
Deferred tax liability	**(1 276)**	(1 276)
Trade and other payables	**(20)**	(20)
Total identifiable net assets	**3 984**	3 984
Goodwill	**8 316**	8 316
	12 300	12 300
Consideration paid		
Cash	**(12 300)**	(12 300)
	(12 300)	(12 300)
Net cash outflow on acquisition		
Cash consideration paid	**(12 300)**	(12 300)
Cash acquired	**83**	83
	(12 217)	(12 217)

The directors consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Eco kidz

Effective 1 January 2017, the group acquired the entire business operations and properties of Eco kidz for a purchase consideration of R12.3 million in order to continue the expansion of the group. Eco kidz is principally involved in the private school industry in Durban, KwaZulu-Natal.

Goodwill of R8.3 million arising from the acquisition consists largely of the expected synergies and the established brand of the school.

Goodwill is not deductible for income tax purposes.

Business combinations occurring after the end of the reporting period

Curro conditionally acquired Baobab College, a leading primary school with a 27-year history and 750 learners that is situated in Gaborone, Botswana, and another independent school group with more than 2 000 learners in South Africa.

Notes to the consolidated and separate annual financial statements

34. Reconciliation of liabilities arising from financing activities

	Group		Company	
	Loans	Finance leases	Loans	Finance leases
Other financial liabilities	**R'000**	**R'000**	**R'000**	**R'000**
Balance as at 31 December 2016	1 599 663	51 168	999 067	51 168
New loans	1 512 038	28 232	1 500 597	28 232
Repayments	(861 975)	(22 700)	(858 493)	(22 700)
Non cash movements (Interest rate swap)	16 700	-	16 700	-
Interest accrued	59 059	-	14 477	-
Transaction costs	(9)	-	(123)	-
Balance as at 31 December 2017	2 325 476	56 700	1 672 225	56 700

35. Commitments and guarantees

Authorised future capital commitments

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Authorised and contracted	516 488	127 539	516 285	127 539
Authorised, but not yet contracted	1 805 512	1 878 221	1 792 632	1 672 461
	2 322 000	**2 005 760**	**2 308 917**	**1 800 000**

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

Guarantees

Curro has provided a guarantee in favour of Rand Merchant Bank (RMB) of R10 million plus costs and interest for the completion of the entrance road at Curro Serengeti. The owner of the estate is responsible for this cost, but Curro had to provide a guarantee for the financing.

Guarantees were also provided in favour of City of Tshwane and Ethekwini Municipality of R0.7 million and R2.4 million respectively relating to construction of infrastructure at Curro Monaghan and Curro Hillcrest. An unlimited guarantee was also provided to Curro Funding Company (Pty) Ltd.

Notes to the consolidated and separate annual financial statements

36. Related parties

Relationships

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

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Related party balances				
Loan accounts - owing (to) by related parties				
Campus and Property Management Company (Pty) Ltd	**-**	-	**62 584**	60 076
Curro Holdings Limited Share Incentive Trust	**-**	-	**43 720**	32 686
Dream Park Village (Pty) Ltd	**-**	-	**3 185**	3 185
Embury Institute for Higher Education (Pty) Ltd	**-**	-	**-**	210 664
Plot One Hundred Bush Hill (Pty) Ltd	**-**	-	**23 321**	22 265
Sheerprops 129 (Pty) Ltd	**-**	-	**8 077**	8 927
Stratland Developments (Pty) Ltd	**-**	-	**901**	901
Waterstone College (Pty) Ltd	**-**	-	**12 881**	43 099
Woodhill College Property Holdings (Pty) Ltd	**-**	-	**55 088**	58 596
Curro Funding Company (Pty) Ltd	**-**	-	**34 339**	(907)
Curro Education Namibia (Pty) Ltd	**-**	-	**237 115**	182 288
Stadio Corporate Services (Pty)Ltd	**119 042**	-	**119 042**	-
Amounts included in trade and other receivables regarding related parties				
Campus and Property Management Company (Pty) Ltd	**-**	-	**4 143**	2 825
Embury Institute for Higher Education (Pty) Ltd	**-**	-	**564**	-
GRIT Procurement Solutions (Pty) Ltd	**782**	26 326	**782**	26 326
Meridian Operations Company (RF) NPC	**-**	-	**697**	1 407
Plot One Hundred Bush Hill (Pty) Ltd	**-**	-	**-**	276
Sheerprops 129 (Pty) Ltd	**-**	-	**2 310**	-
Stadio Holdings Ltd	**93**	-	**93**	-
Woodhill College Property Holdings (Pty) Ltd	**-**	-	**70**	463
Waterstone College (Pty) Ltd	**-**	-	**65 364**	66 124
Amounts included in trade and other payables regarding related parties				
Campus and Property Management Company (Pty) Ltd	**-**	-	**(4)**	(300)
GRIT Procurement Solutions (Pty) Ltd	**(25 808)**	(20 119)	**(23 103)**	(18 008)
Meridian Operations Company (RF) NPC	**-**	-	**(133)**	-
Plot One Hundred Bush Hill (Pty) Ltd	**-**	-	**-**	(5 335)
PSG Corporate Services (Pty) Ltd	**(32)**	(99)	**(32)**	(99)
Related party transactions				
Purchases from related parties				
GRIT Procurement Solutions (Pty) Ltd	**124 544**	122 427	**119 536**	109 609
Administration fees paid to (received) from related parties				
PSG Corporate Services (Pty) Ltd	**771**	845	**771**	845
Stadio Corporate Services (Pty) Ltd	**161**	-	**161**	-

Notes to the consolidated and separate annual financial statements

36. Related Parties (continued)

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Interest (received) from paid to related parties				
Curro Holdings Limited Share Incentive Trust	**-**	-	**(3 414)**	(1 226)
Curro Education Namibia (Pty) Ltd	**-**	-	**(24 450)**	-
Curro Funding Company (Pty) Ltd	**-**	-	**247**	-
Embury Institute for Higher Education (Pty) Ltd	**-**	-	**(4 475)**	-
Plot One Hundred Bush Hill (Pty) Ltd	**-**	-	**(2 223)**	(1 974)
Stadio Holdings Ltd	**(2 926)**	-	**(2 926)**	-
Waterstone College (Pty) Ltd	**-**	-	**(2 518)**	(4 627)
Woodhill College Property Holdings (Pty) Ltd	**-**	-	**(5 975)**	(5 456)
Share issue costs paid to related parties				
PSG Corporate Services (Pty) Ltd	**855**	25 132	**855**	25 132
Stadio Corporate Services (Pty) Ltd	**93**	-	**93**	-
Management fees received from related parties				
Campus and Property Management Company (Pty) Ltd	**-**	-	**(8 198)**	(8 155)
Meridian Operations Company (RF) NPC	**-**	-	**(2 337)**	(2 324)
Rent paid to (received from) related parties				
GRIT Procurement Solutions (Pty) Ltd	**-**	543	**-**	543
Plot One Hundred Bush Hill (Pty) Ltd	**-**	-	**1 873**	1 750
Woodhill College Property Holdings (Pty) Ltd	**-**	-	**13 654**	13 003
Compensation to directors and other key management				
Short-term employee benefits (refer note 37)	**15 545**	17 128	**15 545**	17 128

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

37. Directors' and prescribed officers' emoluments

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

* Salary and emoluments as executive until 30 June 2017.

37. Directors' and prescribed officers' emoluments (continued)

2016	Basic salary R'000	Expense allowances R'000	Pension contributions paid R'000	Bonuses R'000	Gains on exercise of options R'000	Total R'000
AJF Greyling	1 911	122	71	1 304	11 430	14 838
HG Louw	1 450	244	102	1 132	7 971	10 899
B van der Linde	1 640	80	77	1 132	7 039	9 968
CR van der Merwe	2 580	122	47	1 732	14 617	19 098
	7 581	568	297	5 300	41 057	54 803

PJ Mouton is a non-executive director of Curro Holdings Ltd and has a standard service contract with PSG Corporate Services (Pty) Ltd (“PSGCS”). His remuneration for services rendered as executive director within the PSG group for its financial year ending 28 February 2018 is R11 million (2017: R10.1 million), of which 30% is deferred for a period of 12 months subject to him remaining in PSGCS’s employment (2017: no deferral). PJ Mouton's gain on vesting of PSG Group Ltd share options during February 2017 amounted to R41.9 million.

Non-executive

	Other fees 2017 R'000	**Directors' fees 2017 R'000**	Directors' fees 2016 R'000
SL Botha	**-**	**470**	436
ZL Combi	**-**	**267**	239
PJ Mouton	**-**	**204**	202
SWF Muthwa	**-**	**267**	245
B Petersen	**-**	**254**	236
C van der Merwe*	**360**	**102**	-
	360	**1 564**	1 358

* Fees from 1 July 2017

Prescribed officers

2017	**Basic salary R'000**	**Pension contributions paid R'000**	**Bonuses R'000**	**Gains on exercise of options R'000**	**Total R'000**
S Totaram	**-**	**-**	**995**	**-**	**995**
R van Rensburg	**1 139**	**43**	**507**	**575**	**2 264**
	1 139	**43**	**1 502**	**575**	**3 259**

2016	Basic salary R'000	Pension contributions paid R'000	Bonuses R'000	Gains on exercise of options R'000	Total R'000
S Totaram	1 347	51	821	2 805	5 024
R van Rensburg	1 073	40	438	571	2 122
	2 420	91	1 259	3 376	7 146

Notes to the consolidated and separate annual financial statements

38. Categories of financial instruments

	Note(s)	Financial assets at fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Total R'000
Categories of financial instruments group - 2017						
Assets						
Non-current assets						
Other financial assets	10	-	37 765	-	-	37 765
Current assets						
Other financial assets	10	-	124 988	-	-	124 988
Trade and other receivables	14	-	84 928	-	-	84 928
Cash and cash equivalents	15	-	570 837	-	-	570 837
		-	780 753	-	-	780 753
Liabilities						
Non-current liabilities						
Other financial liabilities	19	-	-	17 298	2 324 431	2 341 729
Current liabilities						
Other financial liabilities	19	-	-	-	40 447	40 447
Trade and other payables	21	-	-	-	325 655	325 655
		-	-	-	366 102	366 102
Categories of financial instruments group - 2016						
Assets						
Non-current assets						
Other financial assets	10	1 182	28 032	-	-	29 214
Current assets						
Other financial assets	10	-	3 635	-	-	3 635
Trade and other receivables	14	-	46 027	-	-	46 027
Cash and cash equivalents	15	-	705 657	-	-	705 657
		-	755 319	-	-	755 319
Liabilities						
Non-current liabilities						
Other financial liabilities	19	-	-	597	1 623 054	1 623 651
Current liabilities						
Other financial liabilities	19	-	-	-	27 183	27 183
Trade and other payables	21	-	-	-	375 266	375 266
		-	-	-	402 449	402 449

Notes to the consolidated and separate annual financial statements

38. Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Total R'000
Categories of financial instruments company - 2017						
Assets						
Non-current assets						
Loans to group companies	9	-	88 586	-	-	88 586
Other financial assets	10	-	-	-	-	-
		-	88 586	-	-	88 586
Current assets						
Loans to group companies	9	-	392 626	-	-	392 626
Other financial assets	10	-	119 042	-	-	119 042
Trade and other receivables	14	-	121 358	-	-	121 358
Cash and cash equivalents	15	-	530 773	-	-	530 773
		-	1 163 799	-	-	1 163 799
Liabilities						
Non-current liabilities						
Other financial liabilities	19	-	-	17 298	1 671 180	1 688 478
Current liabilities						
Other financial liabilities	19	-	-	-	40 447	40 447
Trade and other payables	21	-	-	-	265 956	265 956
		-	-	17 298	1 977 583	1 994 881
Categories of financial instruments company - 2016						
Assets						
Non-current assets						
Loans to group companies	9	-	79 860	-	-	79 860
Other financial assets	10	1 182	625	-	-	1 807
		1 182	80 485	-	-	81 667
Current assets						
Loans to group companies	9	-	542 827	-	-	542 827
Trade and other receivables	14	-	100 122	-	-	100 122
Cash and cash equivalents	15	-	530 948	-	-	530 948
		-	1 173 897	-	-	1 173 897
Liabilities						
Non-current liabilities						
Other financial liabilities	19	-	-	597	1 022 457	1 023 054
Current liabilities						
Loans to group companies	9	-	-	-	907	907
Other financial liabilities	19	-	-	-	27 183	27 183
Trade and other payables	21	-	-	-	265 565	265 565
		-	-	-	293 655	293 655

Notes to the consolidated and separate annual financial statements

39. Risk management

Capital risk management

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

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

In order to maintain or adjust the capital structure, the group may return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

There have been no changes to what the group manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2017 and 2016 respectively were as follows:

		Group		Company	
		2017	2016	**2017**	2016
		R'000	R'000	**R'000**	R'000
Total borrowings					
Loans from related parties	9	**-**	-	**-**	907
Other financial liabilities	19	**2 364 878**	1 650 237	**1 711 627**	1 049 640
		2 364 878	1 650 237	**1 711 627**	1 050 547
Less: Cash and cash equivalents	15	**570 837**	705 657	**530 773**	530 948
Net debt		**1 794 041**	944 580	**1 180 854**	519 599
Total equity		**4 996 389**	4 963 933	**4 896 557**	4 840 534
Total capital		**6 790 430**	5 908 513	**6 077 411**	5 360 133
Gearing ratio		**26%**	16%	**19%**	10%

Notes to the consolidated and separate annual financial statements

39. Risk management (continued)

Liquidity risk

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

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

Group

At 31 December 2017	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
Borrowings	**(40 447)**	**(1 793 856)**	**(550 364)**
Trade and other payables	**(193 940)**	**-**	**-**
Trade and other receivables	**85 625**	**-**	**-**
Other financial assets	**119 042**	**-**	**-**
Cash and cash equivalents	**570 837**	**-**	**-**

At 31 December 2016	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
Borrowings	(27 183)	(1 160 491)	(463 160)
Trade and other payables	(386 532)	(597)	-
Trade and other receivables	27 756	-	-
Other financial assets	-	1 182	-
Cash and cash equivalents	705 659	-	-

Company

At 31 December 2017	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
Borrowings	**(40 447)**	**(1 600 311)**	**(88 167)**
Trade and other payables	**(161 881)**	**-**	**-**
Trade and other receivables	**121 681**	**-**	**-**
Loans to subsidiaries and associates	**392 626**	**-**	**-**
Other financial assets	**119 042**	**-**	**-**
Cash and cash equivalents	**530 773**	**-**	**-**

At 31 December 2016	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
Borrowings	(28 090)	(973 077)	(49 070)
Trade and other payables	(274 227)	-	-
Trade and other receivables	130 850	-	-
Loans to subsidiaries and associates	621 780	-	-
Other financial assets	-	1 807	-
Cash and cash equivalents	530 950	-	-

39. Risk management (continued)

Interest rate risk

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

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

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

Interest rate sensitivity analysis

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on pre-tax profit of a shift of 100 basis points in the interest rate would result in a decrease in profit of R23,0 million (2016: R10,8 million) for the group and R16,0 million (2016: R10,8 million) for the company. A 100 basis points decrease in the interest rate would have an equal but opposite effect on profit or loss.

Interest rate swap contracts

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

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

The group’s and the company's exposure to interest rate risk at the end of the year is R1.6 billion and R1 billion respectively (2016: R920.7 million and R340.9 million respectively) after taking into consideration the notional amounts of the interest rate hedge of R725 million (2016: R512.5 million) for the group and the company.

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Due to the long-term nature of the service provided, the threat of suspension of said services prove to be a strong factor in encouraging customers to settle their dues. In addition there are certain retention rights that can be effectively used in order to effect performance. At 31 December 2017, the group and the company did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

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

	Group		Company	
	2017	2016	**2017**	2016
Financial instrument	**R'000**	R'000	**R'000**	R'000
Interest rate swap	**-**	585	**-**	585
Cash and cash equivalents	**570 837**	705 657	**530 773**	530 948
Trade receivables	**65 512**	29 429	**118 446**	94 777

Notes to the consolidated and separate annual financial statements

39. Risk management (continued)

Foreign exchange risk

The group and the company do not trade in foreign currency or incur any expenditure in foreign currency, except for the Namibian operations, which have a 1:1 Rand exchange rate and as such have no foreign currency risk.

40. Fair value information

Levels of fair value measurements

Levels 2

Recurring fair value measurements

		Group		Company	
		2017	2016	**2017**	2016
Assets	Note(s)	**R'000**	R'000	**R'000**	R'000
Financial assets at fair value through profit or loss - held for trading					
Interest rate swaps	10	**-**	1 182	**-**	1 182
Liabilities					
Financial liabilities at fair value through profit or loss - held for trading					
Interest rate swaps	10	**17 298**	597	**17 298**	597
Total		**17 298**	585	**17 298**	585

Valuation techniques used to derive level 2 fair values

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

41. Going concern

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

42. Events after the reporting date

Refer to note 33 for acquisitions effective after the reporting period. The directors are not aware of any other matter, that is material to the group or the company, that has occurred between the reporting date and the date of the approval of the consolidated and separate annual financial statements

43. Correction of prior period error

Due to the nature of the underlying asset, computer software has been reclassified as an intangible asset.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follow:

Statement of financial position (extract)	31 December 2016 R'000	Increase/ (Decrease)	31 December 2016 (Restated) R'000
Group			
Property, plant and equipment	5 635 102	215 447	5 850 549
Intangible assets	167 143	24 209	191 352
Other financial assets	272 505	(239 656)	32 849
Net assets	6 074 750	-	6 074 750
Company			
Property, plant and equipment	4 225 572	219 663	4 445 235
Intangible assets	66 345	19 993	86 338
Other financial assets	241 463	(239 656)	1 807
Net assets	4 533 380	-	4 533 380

Other financial assets was reclassified to property, plant and equipment as disclosed in note 4.

44. Discontinued operations

Stadio Holdings

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

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

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

	Group 2017 R'000	2016 R'000
Revenue	58 984	47 172
Operating expenses	(58 412)	(36 203)
Earnings before interest, taxation, depreciation amortisation (EBITDA)	**572**	10 969
Depreciation and amortisation	(6 266)	(2 231)
Earnings before interest and taxation (EBIT)	(5 694)	8 738
Investment income	6 731	1 654
Finance costs	(5 507)	-
Profit before taxation	**(4 470)**	10 392
Taxation	235	(3 241)
(Loss) profit for the year from discontinued	**(4 235)**	7 151

45. Range of shareholding

Range of shareholding	Number of shares held in range 2017	%	Number of shares held in range 2016	%
1 to 500	**1 365 554**	**0,3%**	1 262 631	0,3%
501 to 1 000	**2 262 399**	**0,5%**	2 105 800	0,5%
1 001 to 5 000	**12 927 915**	**3,1%**	12 680 715	3,1%
5 001 to 10 000	**7 937 406**	**1,9%**	8 012 207	2,0%
10 001 and over	**387 594 715**	**94,1%**	383 090 709	94,1%
	412 087 989	**100,0%**	407 152 062	100,0%

Public and non-public shareholding	Number of shares held 2017	%	Number of shares held 2016	%
PSG Financial Services Ltd	**228 210 051**	**55,4%**	228 210 051	56,1%
Directors	**7 695 924**	**1,9%**	7 566 415	1,9%
Total non-public shareholding	**235 905 975**	**57,3%**	235 776 466	58,0%
Total public shareholding	**176 182 014**	**42,7%**	171 375 596	42,0%
	412 087 989	**100,0%**	407 152 062	100,0%

Number of public and non-public shareholders	Number of shareholders 2017	%	Number of shareholders 2016	%
Non-public	**7**	**0,0%**	7	0,0%
Public	**18 417**	**100,0%**	17 201	100,0%
	18 424	**100,0%**	17 208	100,0%

Individual shareholders holding more than 5%	Number of shares held 2017	%	Number of shares held 2016	%
PSG Financial Services Ltd	**228 210 051**	**55,4%**	228 210 051	56,1%
Coronation Ltd	**27 116 958**	**6,6%**	20 442 580	5,0%
Dipeo Capital (RF) (Pty) Ltd	**21 414 497**	**5,2%**	21 414 497	5,3%
Public Investment Corporation	**20 985 273**	**5,1%**	-	0,0%
	297 726 779	**72,3%**	270 067 128	66,4%