

CURRO HOLDINGS LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/025801/06)
Audited Consolidated and Separate Annual Financial Statements
for the year ended 31 December 2016

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Independent schools and education services
Directors	SL Botha ZL Combi AJF Greyling HG Louw PJ Mouton SWF Muthwa B Petersen B van der Linde CR van der Merwe
Registered office	38 Oxford Street Durbanville Cape Town South Africa 7550
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	Deloitte & Touche, 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 April 2017

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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 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 2017 and, in light of this review and the current financial position, they are satisfied that the Group and Company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the Group's external auditors and their report is presented on pages 5 to 10.

The consolidated and separate annual financial statements set out on pages 11 to 75, which have been prepared on the going concern basis, were approved by the board of directors on 19 April 2017 and were signed on their behalf by:



SL Botha
Chairperson of the Board



CR van der Merwe
Chief Executive Officer

Durbanville

19 April 2017

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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 April 2017

Independent Auditor's Report

To the Shareholders of Curro Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Curro Holdings Limited (the Group) set out on pages 17 to 73, which comprise the statements of financial position as at 31 December 2016, and the statements comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 December 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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

National Executive: *LL Bam Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer *MJ Jarvis Chief Operating Officer
*GM Pinnock Audit *N Sing Risk Advisory *NB Kader Tax TP Pillay Consulting S Gwala BPaaS *K Black Clients & Industries
*JK Mazzocco Talent & Transformation *MJ Comber Reputation & Risk *TJ Brown Chairman of the Board
Regional Leader: MN Alberts

A full list of partners and directors is available on request

* Partner and Registered Auditor

B-BBEE rating: Level 2 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Independent Auditor's Report

To the Shareholders of Curro Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

The key audit matters noted below relate to the consolidated and separate financial statements in the same manner.

Key Audit Matter	How the matter was addressed in the audit
PURCHASE PRICE ALLOCATIONS	
<p>Curro Holdings Limited acquired three schools during the year which resulted in goodwill, a bargain purchase gain, intangible and tangible assets being recognised.</p> <p>IFRS 3 - Business Combinations ("IFRS 3") establishes the principles and requirements for how the acquirer recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase. IAS 38 - Intangible Assets ("IAS 38") prescribes the accounting treatment of an intangible asset acquired in a business combination.</p> <p>According to IFRS 3 and IAS 38 an acquirer needs to recognise an intangible asset of the acquiree at acquisition date. There is a risk that the goodwill, intangible and tangible assets recognised as a result of the business combinations have not been accounted for and disclosed in accordance with the requirements of IFRS 3 and IAS 38.</p> <p>This is a key audit matter as the acquisitions are material and contains key assumptions made by the directors relating to significant inputs used in determining the fair value of certain of the assets recognised.</p> <p>Details of these acquisitions are set out in note 33 to the consolidated and separate financial statements.</p>	<p>The accounting for the goodwill, bargain purchase gain, intangible and tangible assets recognised at the time of the business combinations was assessed for compliance with the requirements of IFRS 3 and IAS 38 through the following audit procedures:</p> <ul style="list-style-type: none">• Design and implementation testing was performed on the key internal controls on the business combination.• For intangible assets recognised on acquisition; we reviewed the director's valuation model and verified the significant inputs used. The significant inputs related to the royalty rate for the valuation of the trademarks and the growth in tuition fees, discount rates and deemed rental for the valuation of the client lists.• For tangible assets recognised on acquisition, the most significant being land and buildings, we assessed the fair value against the director's calculations and external valuation reports obtained by the directors.• The bargain purchase gain or goodwill was recalculated as being the difference between the purchase consideration and the fair value of the net assets recognised on acquisition. <p>The models and assumptions used are consistent with those used in prior periods and appear to be reasonable and fairly presented and disclosed in the consolidated and separate financial statements.</p>

Independent Auditor's Report

To the Shareholders of Curro Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

VALUATION OF GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets comprise 3,6% of the total assets of the Group. In accordance with IAS 36, goodwill and indefinite useful life intangible assets are required to be assessed for impairment on an annual basis.

The directors perform this assessment annually using cash flow projections based on past performance and expected market development to assess the recoverability of the carrying value of goodwill and indefinite useful life intangible assets.

As disclosed in the notes to the consolidated and separate financial statements, there are a number of key sensitive assumptions made in determining the inputs into these models which include:

- Growth in school fees and learner numbers; and
- The discount rates applied to the projected future cash flows.

As a result valuation of goodwill and intangible assets is considered a key audit matter.

The directors' assessment of goodwill and intangible assets for impairment as at 31 December 2016 indicated that no impairment is required.

We have evaluated the directors' estimates and key sensitive assumptions which included the following procedures:

- Design and implementation testing was performed on the key internal controls on the impairments.
- Evaluating the valuation method used relation to the requirements of IAS 36.
- Assessing key assumptions related to discount rates through verifiable third party evidence and performing sensitivity analysis.
- Evaluating future projected cash flows based on revenue growth rates and operating margins considering past trends, the current macroeconomic climate and expected future performance of individual schools.

We found that the assumptions used by the directors in determining the recoverable amounts of the respective goodwill and indefinite useful live intangibles assets, comparable with historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances. We consider the disclosure of the goodwill and indefinite useful life intangible assets to be relevant and useful.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Integrated Report, which is expected to be made available to us after that date. The 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 express an audit opinion or any form of assurance conclusion thereon.

Independent Auditor's Report

To the Shareholders of Curro Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Other Information (Continued)

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information 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 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's 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.

Independent Auditor's Report

To the Shareholders of Curro Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

- 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 the 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 Audit and Risk Committee 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 Audit and Risk Committee 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 Audit and Risk Committee, 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.

Independent Auditor's Report

To the Shareholders of Curro Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

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 Deloitte & Touche has been the auditor of Curro Holdings Limited for 7 years.

A handwritten signature in cursive script that reads "Deloitte & Touche".

Deloitte & Touche
Registered Auditor

Per: D A Steyn
Partner
20 April 2017

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

Audit and Risk Committee Report

This report is provided by the Audit and Risk Committee (the Committee) appointed in respect of the 2016 financial year of Curro Holdings Limited 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 (Chairman), 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 of South Africa and Regulation 42 of the Companies Regulation, 2011.

2. Purpose

The purpose of the Committee is to:

- Ensure the integrity of the integrated reporting for Curro Holdings Limited (Curro).
- 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.
- 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.
- The Committee even though appointed by shareholders, reports to the board of directors. 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.
- The appointment of the external auditors, review of their independence and approval of 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 2016 which meetings were attended by all members of the Committee.

4. External auditor

The Committee has nominated Deloitte & Touche as the independent auditor and DA Steyn who is a registered independent auditor, as the designated partner for appointment of the 2016 audit.

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

The 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, extent of the work required and 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.

5. Consolidated and separate annual financial statements

The Committee recommend board approval pursuant to the review of the consolidated and separate annual financial statements.

Curro Holdings Limited and its subsidiaries

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Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

Audit and Risk Committee Report

6. 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 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.

7. 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 Chief Financial Officer.

8. 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
Chairman of the Audit and Risk Committee

Durbanville

19 April 2017

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Curro Holdings Limited and its subsidiaries for the year ended 31 December 2016.

1. Nature of business

Overview

Curro Holdings Limited ("Curro") develop, acquire and manage independent schools throughout Southern Africa and is a market leader in its field. The model caters for learners from the age of three months to Grade 12 as well as teacher training.

Curro listed on the AltX during 2011 and transferred to the main board of the JSE during 2012. On listing, the Company had 5 557 learners in 12 schools. To date the Group has grown to 54 campuses (127 schools) accommodating 47 589 learners, which include the teachers training college accommodating approximately 950 students.

Curro serves clients in models incorporating Curro schools, Curro Academy schools, Meridian schools, Select schools and Curro Castles (nursery schools). These schools are augmented by the Embury Institute for Teacher Education (Pty) Ltd (teacher training college) that also offers short course training to educators in the public and private sectors.

Group financial results

Revenue increased by 27% from R1 384 million in 2015 to R1 761 million in 2016. Schools' EBITDA (Earnings before interest, taxation, depreciation, amortisation and head office expenditure) increased by 30% from R382 million to R497 million over the same period, with EBITDA increasing by 33% from R292 million to R387 million. The increase is mainly attributable to the increase in learner numbers. Satisfactory EBITDA margin growth is evident in schools where capacity utilisation increases.

The EBITDA margin increased from 21% in 2015 to 22% in 2016.

Net interest expense decreased by 23% from R90 million in 2015 to R69 million in 2016 due to increased interest income, which is a result of Curro shares issued in a rights issue, and private placements. Headline earnings increased by 69% from R100 million to R169 million over the same period. However, headline earnings per share increased by 55% from 28,3 cents to 43,9 cents due to the increase in the weighted average number of shares in issue following the rights offer and private placements undertaken in the year.

Investment and expansion

During 2016 the Group invested R1.7 billion in the business, including the following significant investments:

- Construction of nine new campuses to the value of R763 million. These campuses include Curro Waterfall primary school (Gauteng), Curro Century City high school (Western Cape), Curro Krugersdorp high school (Gauteng), Curro Rivonia (Gauteng), Curro Academy Wilgeheuwel (Gauteng), Curro Academy Clayville (Gauteng), Curro Academy Pretoria (Gauteng) and a campus for the Embury Institute for Higher Education in Waterfall Estate (Gauteng).
- R571 million invested in the expansion of existing campuses, which included significant expansions at Curro Mount Richmore, Curro Roodeplaat, Meridian Cosmo City, Meridian Pinehurst, St Dominics and Waterstone College.
- R125 million invested in land banking. The Group's current land-banked portfolio stands at eleven sites with twenty sites in the process of being procured.

The Group plans to invest up to R2 billion in 2017.

Curro Holdings Limited and its subsidiaries

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Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

Directors' Report

Tertiary education

In 2016 Curro commenced with the expansion of its tertiary-education business, Embury. At the end of 2017, the Embury operations will move to a new facility in Durban that can accommodate 2 600 students. The original campus could host 1 000 students. Embury is adding two new campuses to their offering, being Waterfall in Midrand and Montana in Pretoria, which will be ready for full intake in 2018.

The directors believe that the tertiary-education component can reach more than 100 000 students over the long term.

In view of the potential future growth of the tertiary-education market, Curro has separated the schools and tertiary-education businesses to keep management focused and for segmental reporting purposes. It is envisaged that the tertiary-education business will unbundle and list separately during the 2017 year.

2. Organisational changes

In line with Curro's succession strategy, Andries Greyling, the Chief Operating Officer of Curro Holdings Limited, will succeed Chris van der Merwe as Chief Executive Officer with effect from 1 July 2017.

Chris van der Merwe, founder of Curro Holdings Limited and current CEO, will become a non-executive director and strategic advisor to Curro. He will also be the non-executive chairperson of the tertiary-education company.

3. Share capital

Effective 13 May 2016, 32.4 million shares were issued by way of an underwritten renounceable rights offer at a subscription price of R33.00 per rights offer share, in the ratio of 1 rights offer share for every 11 Curro ordinary shares. On 13 October 2016, 2.2 million shares were issued to employees through the Curro share incentive scheme. Curro also issued 15.6 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.

4. 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.

5. Dividends

No dividends were declared or paid to shareholders during the year (2015: RNil).

6. 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 Operating 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
B van der Linde	Male	Chief Financial Officer	Executive
CR van der Merwe	Male	Chief Executive Officer	Executive

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

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Directors' Report

7. Shareholding of directors

The shareholding of directors, excluding the participation in the share incentive plan (as set out in note 17), in the issued share capital of the Company as at 31 December 2016 was as follows:

Directors	2016				2015			
	Direct	Indirect	Number	%	Direct	Indirect	Number	%
SL Botha	272 926	-	272 926	0.07	250 182	-	250 182	0.07
AJF Greyling	-	812 501	812 501	0.20	-	752 501	752 501	0.21
HG Louw	189 424	-	189 424	0.05	-	-	-	-
PJ Mouton	-	1 939 943	1 939 943	0.48	-	1 813 337	1 813 337	0.51
B van der Linde	129 299	500 645	629 944	0.15	129 299	313 300	442 599	0.12
CR van der Merwe	-	3 711 677	3 711 677	0.91	-	4 051 677	4 051 677	1.14
	591 649	6 964 766	7 556 415	1.86	379 481	6 930 815	7 310 296	2.05

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.

8. 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 2016 are as follows:

	2016 R '000	2015 R '000
Share of equity accounted profits	977	689

9. Holding company

The holding company is PSG Financial Services Ltd which holds 56.1% (2015: 58.3%) of the issued share capital. PSG Financial Services Ltd is incorporated in South Africa.

10. Ultimate holding company

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

11. 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.

12. Events after the reporting period

Curro and BA ISAGO University, in Botswana, have mutually agreed not to conclude the acquisition of 50% of BA ISAGO that was announced on SENS on 21 November 2016 and to put further discussions on hold until some time in the future.

The directors are not aware of any other matter, which is material to the Group or Company, that has occurred between the reporting date and the date of the approval of the annual financial statements.

Curro Holdings Limited and its subsidiaries

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Directors' Report

13. Going concern

The directors believe that the Group and 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 Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group and Company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation which may affect the Group or Company.

14. Auditors

Deloitte & Touche will continue in office in accordance with Section 90 of the Companies Act of South Africa, as amended.

15. 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
7550

16. Sponsor

PSG Capital acts as sponsor for the Group and Company, providing advice on the interpretation 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.

17. Corporate governance

The directors subscribe to the principles incorporated in the King Code of Corporate Practices and Conduct as set out in King III 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 III and the members are satisfied that sufficient compliance occurs while having instituted steps to ensure a constant monitoring of improvement, where practically possible.

18. 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 11 to 12 of the consolidated and separate annual financial statements.

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

Consolidated and Separate Statements of Financial Position as at 31 December

	Note(s)	Group		Company	
		2016 R '000	2015 R '000	2016 R '000	2015 R '000
Assets					
Non-Current Assets					
Property, plant and equipment	4	5 635 102	4 242 816	4 225 572	3 248 275
Goodwill	5	428 112	332 495	57 872	57 872
Intangible assets	6	167 140	133 953	66 342	51 330
Investments in and loans to subsidiaries and associates	7,8,9	10 794	9 554	524 797	504 513
Other financial assets	10	29 214	29 292	1 807	19 852
		6 270 362	4 748 110	4 876 390	3 881 842
Current Assets					
Inventories	13	9 777	8 392	642	1 365
Loans to group companies	9	-	-	542 827	151 931
Trade and other receivables	14	85 184	36 410	130 851	67 893
Other financial assets	10	243 294	50 142	239 659	47 909
Current tax receivable		7 470	5 953	1 151	1 263
Cash and cash equivalents	15	705 657	230 526	530 948	166 616
		1 051 382	331 423	1 446 078	436 977
Total Assets		7 321 744	5 079 533	6 322 468	4 318 819
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	16	4 556 399	2 834 177	4 677 107	2 877 532
Reserves		22 292	38 969	22 292	38 969
Retained income		396 913	215 046	141 135	115 256
		4 975 604	3 088 192	4 840 534	3 031 757
Non-controlling interest	7	(11 671)	(7 361)	-	-
		4 963 933	3 080 831	4 840 534	3 031 757
Liabilities					
Non-Current Liabilities					
Other financial liabilities	19	1 623 651	1 561 250	1 023 054	968 510
Deferred tax liability	12	318 067	188 564	156 562	97 736
		1 941 718	1 749 814	1 179 616	1 066 246
Current Liabilities					
Trade and other payables	21	388 873	220 655	274 228	188 406
Loans from group companies	9	-	-	907	4 227
Other financial liabilities	19	27 183	28 183	27 183	28 183
Current tax payable		37	50	-	-
		416 093	248 888	302 318	220 816
Total Liabilities		2 357 811	1 998 702	1 481 934	1 287 062
Total Equity and Liabilities		7 321 744	5 079 533	6 322 468	4 318 819

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

Consolidated and Separate Statements of Comprehensive Income

	Note(s)	Group		Company	
		2016 R '000	2015 R '000	2016 R '000	2015 R '000
Revenue	22	1 761 077	1 383 739	1 319 318	1 049 851
Operating expenses		(1 373 750)	(1 091 396)	(1 128 424)	(890 448)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		387 327	292 343	190 894	159 403
Depreciation and amortisation		(107 742)	(85 508)	(87 803)	(67 261)
Earnings before interest and taxation (EBIT)	23	279 585	206 835	103 091	92 142
Investment income	24	58 504	27 425	102 167	32 897
Impairment	4	(11 227)	(6 062)	(99 118)	(6 062)
Bargain purchase gain	33	14 701	4 242	14 701	4 242
Share in profits of associates		977	689	-	-
Finance costs	25	(127 390)	(117 836)	(61 175)	(61 205)
Profit before taxation		215 150	115 293	59 666	62 014
Taxation	26	(47 787)	(23 272)	(41 983)	(20 044)
Profit for the year		167 363	92 021	17 683	41 970
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Effects of cash flow hedges	29	(20 601)	24 706	(20 601)	24 706
Income tax effect		(164)	-	(164)	-
Total items that may be reclassified to profit or loss		(20 765)	24 706	(20 765)	24 706
Total comprehensive income (loss) for the year		146 598	116 727	(3 082)	66 676
Profit attributable to :					
Owners of the parent		171 673	98 344	17 683	41 970
Non-controlling interest		(4 310)	(6 323)	-	-
		167 363	92 021	17 683	41 970
Total comprehensive income (loss) attributable to:					
Owners of the parent		150 908	123 050	(3 082)	66 676
Non-controlling interest		(4 310)	(6 323)	-	-
		146 598	116 727	(3 082)	66 676
Earnings per share (cents)					
Basic	30	44.7	27.8		
Diluted	30	44.5	27.4		
Headline earnings per share (cents)					
Basic	30	43.9	28.3		
Diluted	30	43.7	27.9		

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

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 / company	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 2015	2 092 124	(3 240)	11 975	8 735	110 713	2 211 572	(1 038)	2 210 534
Profit for the year	-	-	-	-	98 344	98 344	(6 323)	92 021
Other comprehensive income	-	24 706	-	24 706	-	24 706	-	24 706
Total comprehensive income (loss) for the year	-	24 706	-	24 706	98 344	123 050	(6 323)	116 727
Issue of shares	739 992	-	-	-	-	739 992	-	739 992
Shares issue costs	(13 791)	-	-	-	-	(13 791)	-	(13 791)
Employees share option scheme: Proceeds of shares issued	15 852	-	-	-	-	15 852	-	15 852
Recognition of share-based payments	-	-	11 517	11 517	-	11 517	-	11 517
Exercise of share options	-	-	(5 989)	(5 989)	5 989	-	-	-
Total contributions by and distributions to owners of company recognised directly in equity	742 053	-	5 528	5 528	5 989	753 570	-	753 570
Balance at 31 December 2015	2 834 177	21 466	17 503	38 969	215 046	3 088 192	(7 361)	3 080 831
Profit (loss) for the year	-	-	-	-	171 673	171 673	(4 310)	167 363
Other comprehensive loss, after taxation	-	(20 765)	-	(20 765)	-	(20 765)	-	(20 765)
Total comprehensive (loss) 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
Employees share option scheme: Proceeds of shares issued	28 096	-	-	-	-	28 096	-	28 096
Share issue costs	(26 477)	-	-	-	-	(26 477)	-	(26 477)
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 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
Note(s)	16	18&29	17		29			

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

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 / company	Non-controlling interest	Total equity
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Company								
Balance at 1 January 2015	2 092 124	(3 240)	11 975	8 735	64 683	2 165 542	-	2 165 542
Profit for the year	-	-	-	-	41 970	41 970	-	41 970
Other comprehensive income	-	24 706	-	24 706	-	24 706	-	24 706
Total comprehensive income for the year	-	24 706	-	24 706	41 970	66 676	-	66 676
Issue of shares	739 992	-	-	-	-	739 992	-	739 992
Share issue costs	(13 791)	-	-	-	-	(13 791)	-	(13 791)
Employees share option scheme: Proceeds of shares issued	59 207	-	-	-	-	59 207	-	59 207
Recognition of share-based payments	-	-	11 517	11 517	-	11 517	-	11 517
Exercise of share options	-	-	(5 989)	(5 989)	5 989	-	-	-
Transfer of assets under common control	-	-	-	-	2 614	2 614	-	2 614
Total contributions by and distributions to owners of company recognised directly in equity	785 408	-	5 528	5 528	8 603	799 539	-	799 539
Balance at 31 December 2015	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, after taxation	-	(20 765)	-	(20 765)	-	(20 765)	-	(20 765)
Total comprehensive (loss) 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
Employees share option scheme: Proceeds of shares issued	105 449	-	-	-	-	105 449	-	105 449
Share issue costs	(26 477)	-	-	-	-	(26 477)	-	(26 477)
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 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
Note(s)	16	18&29	17		29			

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

Consolidated and Separate Statements of Cash Flows

	Note(s)	Group		Company	
		2016 R '000	2015 R '000	2016 R '000	2015 R '000
Cash flows from operating activities					
Cash generated from operations	31	481 307	261 110	215 786	123 610
Interest income		58 504	27 425	76 681	32 897
Finance costs		(127 390)	(117 836)	(61 175)	(61 205)
Tax (paid) refunded	32	(8 858)	(9 039)	112	3
Net cash from operating activities		403 563	161 660	231 404	95 305
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(1 199 061)	(969 800)	(976 725)	(769 661)
Sale of property, plant and equipment		6 880	1 246	5 894	1 201
Expenditure on product development	6	(30 087)	(17 664)	(17 547)	(11 069)
Business combinations	33	(266 188)	1 809	(24 596)	(11 850)
Acquisition of subsidiaries		-	-	(87 891)	(81 675)
Loans to group companies repaid		-	6 007	-	8 563
Loans advanced to group companies		-	-	(414 500)	(71 766)
Proceeds from loans from group companies		-	-	-	(2 441)
Movement in other financial assets		(211 744)	(52 168)	(192 375)	(47 909)
Net cash utilised in investing activities		(1 700 200)	(1 030 570)	(1 707 740)	(986 607)
Cash flows from financing activities					
Proceeds on shares issued		1 722 222	742 053	1 799 575	785 408
Proceeds from other financial liabilities		83 620	189 312	75 000	140 315
Repayment of other financial liabilities		(34 074)	(27 234)	(33 907)	(25 211)
Net cash from financing activities		1 771 768	904 131	1 840 668	900 512
Total cash movement for the year		475 131	35 221	364 332	9 210
Cash at the beginning of the year		230 526	195 305	166 616	157 406
Total cash at end of the year	15	705 657	230 526	530 948	166 616

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

Accounting Policies

1. Presentation of consolidated and separate annual financial statements

Curro Holdings Ltd 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 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 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.

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 would 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 IAS 17 *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, which 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.

1.1 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and Company and all investees which are controlled by the Group and Company.

The Group and Company has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its 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 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 which result in changes in ownership levels, where the Group and Company has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

Accounting Policies

1.1 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 Company accounts 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 combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which 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 which 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 Company assesses the classification of the acquiree's assets and liabilities and reclassifies 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, which 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's.

In cases where the Group and Company held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to 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 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.

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

Accounting Policies

1.2 Investment in associates

An associate is an entity over which the Group and Company has 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 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 Company's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the Group and Company's interest in that associate are recognised only to the extent that the Group and 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 Company and an associate are eliminated to the extent of the Group and Company's interest therein.

When the Group and Company reduces its level of significant influence or loses significant influence, the Group and Company proportionately reclassifies the related items which 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 to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.3 Property, plant and equipment

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

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

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

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and Company and the cost can be measured reliably. 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 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.

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

Accounting Policies

1.3 Property, plant and equipment (continued)

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
Premises equipment	Straight line	5 years / 6 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
Computer equipment	Straight line	3 years / 5 years
Computer software	Straight line	2 years / 3 years
School equipment	Straight line	5 years / 6 years

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

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

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

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.

1.4 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.

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2016

Accounting Policies

1.4 Intangible assets (continued)

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 indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

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

Item	Useful life
Learner enrolments (client list)	1 to 14 years
Trademarks	Indefinite
Curriculum material	6 years

1.5 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.

1.6 Financial instruments

Classification

The Group and Company classifies 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; and
- 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.

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1.6 Financial instruments (continued)

Initial recognition and measurement

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

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

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

For financial instruments which 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 Company's right to receive payment is established.

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

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

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1.6 Financial instruments (continued)

Impairment of financial assets

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

For amounts due to the Group and 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 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 which are held at cost because fair value was not determinable.

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

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.

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Accounting Policies

1.6 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 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.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited 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 overdraft 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 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 Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group and Company also documents its 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.

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Accounting Policies

1.6 Financial instruments (continued)

Cash flow hedge

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

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

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

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

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

1.7 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

A deferred tax asset is recognised for the carry forward of unused tax losses 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 which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

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Accounting Policies

1.7 Tax (continued)

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.

1.8 Leases

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

Finance leases – lessee

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

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

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

Operating leases – lessee

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

1.9 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 comprises of 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.

1.10 Impairment of non-financial assets

The Group and Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group and Company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group and Company also:

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

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

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

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Accounting Policies

1.10 Impairment of non-financial assets (continued)

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

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

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

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 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.

1.12 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.

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Accounting Policies

1.13 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.

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

If 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.

1.15 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.

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Accounting Policies

1.16 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 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:

Trade receivables, Held to maturity investments and Loans and receivables

The Group and Company assesses its 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 Company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Share-based payments

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

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.

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.

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Accounting Policies

1.17 Significant judgements and sources of estimation uncertainty (continued)

Useful lives and residual values

The estimated useful lives for property, plant and equipment and intangibles are set out in notes 1.2 and 1.3. Estimated useful lives and residual values are reviewed annually, taking in cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the education industry where the assets are used.

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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	Products and services
Curro	Independent education and ancillary services. Includes Select Schools, Curro Academy Schools and Curro Castles
Meridian	Independent education and ancillary services
Embury	Independent higher education services

In view of the potential future growth of the tertiary-education market, Curro has separated the schools and tertiary education businesses to keep management focused and for segmental reporting purposes. Accordingly the comparative figures have been updated to reflect the new segment.

Segmental revenue and results

The Executive Committee (Exco) assess the performance of the operating segments based on the measure of earnings before interest, tax, depreciation and amortisation (EBITDA).

Transactions within the group and company take place on an arms length basis.

The segment information provided to the Exco is presented below.

	2016				2015			
	Curro R '000	Meridian R '000	Embury R '000	Total R '000	Curro R '000	Meridian R '000	Embury R '000	Total R '000
Total segment revenue	1 449 239	274 792	48 048	1 772 079	1 133 309	235 455	38 539	1 407 303
Inter-segment revenue	(10 479)	-	(523)	(11 002)	(24 986)	-	1 422	(23 564)
Revenue from external customers	1 438 760	274 792	47 525	1 761 077	1 108 323	235 455	39 961	1 383 739
EBITDA	325 196	51 248	10 968	387 412	239 688	45 057	7 598	292 343
Depreciation and amortisation	95 173	11 609	1 045	107 827	71 408	13 059	1 041	85 508
Impairments	11 227	-	-	11 227	6 062	-	-	6 062
Investment revenue	51 851	4 999	1 654	58 504	24 424	2 210	791	27 425
Finance costs	61 266	66 124	-	127 390	61 381	56 455	-	117 836
Taxation	53 933	(9 387)	3 241	47 787	25 375	(4 160)	2 057	23 272
Profit after taxation	171 343	(12 315)	8 335	167 363	104 796	(18 065)	5 290	92 021

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 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.

The table below provides information on segment assets and liabilities.

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2. Segmental information (continued)

	2016				2015			
	Curro R '000	Meridian R '000	Embury R '000	Total R '000	Curro R '000	Meridian R '000	Embury R '000	Total R '000
Capital expenditure	1 352 998	52 050	72 904	1 477 952	993 802	22 977	938	1 017 717
Total assets	6 390 828	679 057	251 859	7 321 744	4 369 354	680 997	29 182	5 079 533
Total liabilities	1 415 225	717 586	224 999	2 357 810	1 340 052	647 991	10 658	1 998 701

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 are detailed below.

	2016		2015	
	Revenue from external customers	Non current assets	Revenue from external customers	Non-current assets
South Africa	1 701 792	5 357 899	1 383 739	4 757 173
Namibia	59 285	277 203	-	-
Total	1 761 077	5 635 102	1 383 739	4 757 173

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 Company has adopted the following standards and amendments that are effective for the current financial year and that are relevant to its operations:

Standard/ Amendment:	Effective date: Years beginning on or after
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016
• Amendment to IAS 27: Equity Method in Separate Financial Statements	01 January 2016
• Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	01 January 2016
• Amendment to IAS 19: Employee Benefits: Annual Improvements project	01 January 2016
• Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	01 January 2016

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 Company has chosen not to early adopt the following standards and amendments, which have been published and are mandatory for the Group and Company's accounting periods beginning on or after 01 January 2017 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

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3. New and revised standards (continued)

- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions 01 January 2018
- 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 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 on 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 12 years with the recognition of a finance lease liability which has been discounted at 12.15% per annum;

	R'm
Increase in property, plant and equipment (right of use asset)	208
Increase in long-term liabilities	241
Decrease in lease expense (per annum)	(44)
Increase in depreciation (per annum)	24
Increase in finance cost (per annum)	30

4. Property, plant and equipment

Group	2016			2015		
	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	5 185 019	(3 882)	5 181 137	3 908 199	(2 193)	3 906 006
Furniture and fixtures	223 528	(74 344)	149 184	180 896	(48 207)	132 689
Computer equipment	213 084	(110 785)	102 299	150 688	(78 327)	72 361
Motor vehicles	96 403	(33 803)	62 600	80 447	(24 232)	56 215
School equipment	103 466	(29 182)	74 284	67 123	(17 546)	49 577
Computer software	44 578	(20 369)	24 209	22 615	(13 917)	8 698
Premises equipment	57 227	(20 230)	36 997	25 408	(11 448)	13 960
Office equipment	8 621	(4 229)	4 392	6 956	(3 646)	3 310
Total	5 931 926	(296 824)	5 635 102	4 442 332	(199 516)	4 242 816

Company	2016			2015		
	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	3 845 095	(3 625)	3 841 470	2 962 211	(1 936)	2 960 275
Furniture and fixtures	186 600	(61 176)	125 424	153 164	(38 889)	114 275
Computer equipment	170 894	(87 506)	83 388	119 604	(61 829)	57 775
Motor vehicles	82 934	(29 133)	53 801	70 419	(20 907)	49 512
School equipment	89 820	(24 359)	65 461	58 148	(14 489)	43 659
Computer software	39 148	(19 155)	19 993	21 139	(13 015)	8 124
Premises equipment	50 396	(17 200)	33 196	21 200	(9 111)	12 089
Office equipment	5 729	(2 890)	2 839	5 103	(2 537)	2 566
Total	4 470 616	(245 044)	4 225 572	3 410 988	(162 713)	3 248 275

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Impairment provision	Closing balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Land and buildings	3 906 008	992 952	296 460	(1 489)	(1 567)	(11 227)	5 181 137
Furniture and fixtures	132 689	41 645	2 510	(405)	(27 255)	-	149 184
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	49 577	35 991	581	(797)	(11 068)	-	74 284
Computer software	8 698	21 958	-	-	(6 447)	-	24 209
Premises equipment	13 960	24 854	6 941	(16)	(8 742)	-	36 997
Office equipment	3 310	1 412	175	-	(505)	-	4 392
	4 242 818	1 199 061	313 997	(7 373)	(102 174)	(11 227)	5 635 102

Reconciliation of property, plant and equipment - Group - 2015

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Closing balance
	R '000	R '000	R '000	R '000	R '000	R '000
Land and buildings	3 065 702	826 810	14 916	(69)	(1 353)	3 906 006
Furniture and fixtures	107 735	44 565	478	-	(20 089)	132 689
Computer equipment	70 804	33 413	231	(518)	(31 569)	72 361
Motor vehicles	48 610	17 824	486	(659)	(10 046)	56 215
School equipment	31 267	25 531	204	(20)	(7 405)	49 577
Computer software	5 635	7 719	-	-	(4 656)	8 698
Premises equipment	6 652	11 946	79	(10)	(4 707)	13 960
Office equipment	1 780	1 992	-	-	(462)	3 310
	3 338 185	969 800	16 394	(1 276)	(80 287)	4 242 816

Reconciliation of property, plant and equipment - Company - 2016

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Impairment provision	Closing balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Land and buildings	2 960 275	828 733	65 760	(750)	(1 321)	(11 227)	3 841 470
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	43 659	32 906	-	(797)	(10 307)	-	65 461
Computer software	8 124	18 007	-	-	(6 138)	-	19 993
Premises equipment	12 089	23 260	5 937	(16)	(8 074)	-	33 196
Office equipment	2 566	643	-	-	(370)	-	2 839
	3 248 275	1 007 307	72 548	(6 063)	(85 268)	(11 227)	4 225 572

Included in the Company additions figure above is R 30.6 million worth of assets which was acquired through a dividend in specie as part of the dividend in specie of Building Blocks Prep School (Pty) Ltd and De Jager Kids (Pty) Ltd. Refer to note 33.

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2015

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Closing balance
	R '000	R '000	R '000	R '000	R '000	R '000
Land and buildings	2 297 067	645 803	18 200	(69)	(726)	2 960 275
Furniture and fixtures	90 501	39 804	963	-	(16 993)	114 275
Computer equipment	52 699	27 745	1 019	(317)	(23 371)	57 775
Motor vehicles	42 945	15 201	715	(574)	(8 775)	49 512
School equipment	27 832	21 342	566	(20)	(6 061)	43 659
Computer software	4 881	7 385	1	-	(4 143)	8 124
Premises equipment	6 089	10 483	85	(10)	(4 558)	12 089
Office equipment	933	1 898	51	-	(316)	2 566
	2 522 947	769 661	21 600	(990)	(64 943)	3 248 275

Impairment

Market conditions in Burgersfort and the new acquisition in Klerksdorp, were identified as impairment indicators relating to the land owned in Burgersfort and Klerksdorp. As a result, an impairment charge of R 11.2 million was recorded in profit or loss for the year.

Pledged as security

The following assets have been pledged as security for the secured long-term borrowings 19 & 20:

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
Land and buildings	4 409 760	3 617 590	3 334 075	2 821 027
Furniture and fixtures	25 166	27 844	9 507	14 058
Computer equipment	12 829	22 012	3 006	10 399
Motor vehicles	49 551	50 114	46 553	46 393
Premises equipment	6 876	5 342	-	-
Office equipment	344	481	-	-

Borrowing costs capitalised

Borrowing costs capitalised to qualifying assets	52 349	34 667	51 160	32 558
Capitalisation rate used	10.13 %	10.06 %	10.13 %	10.06 %

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, R48 million was reclassified from Land and buildings to Other financial assets with respect to the comparative year 31 December 2015 in the consolidated and separate statement of financial position. The capital expenditure incurred is recoverable from the landlord and the property will be leased from the landlord in the future. The reclassification had no effect on the consolidated and separate statement of financial position in the previous year other than to more appropriately reflect the nature of the underlying transaction.

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5. Goodwill

Group	2016			2015		
	Cost	Accumulated	Carrying value	Cost	Accumulated	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Goodwill	433 677	(5 565)	428 112	338 060	(5 565)	332 495

Company	2016			2015		
	Cost	Accumulated	Carrying value	Cost	Accumulated	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Goodwill	63 437	(5 565)	57 872	63 437	(5 565)	57 872

Reconciliation of goodwill - Group - 2016

	Opening balance	Additions through business combinations	Closing balance
	R '000	R '000	R '000
Goodwill	332 495	95 617	428 112

Reconciliation of goodwill - Group - 2015

	Opening balance	Impairment provision	Closing balance
	R '000	R '000	R '000
Goodwill	337 883	(5 388)	332 495

Reconciliation of goodwill - Company - 2016

	Opening balance	Closing balance
	R '000	R '000
Goodwill	57 872	57 872

Reconciliation of goodwill - Company - 2015

	Opening balance	Additions through business combinations	Impairment provision	Closing balance
	R '000	R '000	R '000	R '000
Goodwill	52 094	11 166	(5 388)	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 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.

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5. Goodwill (continued)

When testing goodwill for impairment, the recoverable amounts of the cash generating units, which is 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 is adjusted for risks specific to the CGU. The terminal growth rate is based on the tuition fee increases and reflects past experience. Growth in learner numbers is based on past experience and current capacity.

The Group and Company prepare cash flow forecasts based on the CGU's budgeted results as approved by the board of directors and extrapolated cash flows beyond this period based on the terminal growth rate of 10% (2015: 10%).

Impairment tests for cash-generating units containing goodwill are based on the following assumptions:

Group	Discount rate 2016	Discount rate 2015	Forecast period 2016	Forecast period 2015	Goodwill 2016 R '000	Goodwill 2015 R '000
Curro schools	15% p.a	15% p.a	5 years	5 to 11 years	100 814	63 614
Aurora College	15% p.a	15% p.a	5 years	5 years	15 485	15 485
Woodhill College	15% p.a	15% p.a	5 years	5 years	59 191	59 191
Campus and Property Management Company (Pty) Ltd	15% p.a	15% p.a	5 years	5 to 11 years	96 337	96 337
Embury Institute for Teacher Education (Pty) Ltd	15% p.a	15% p.a	5 years	5 years	39 924	39 924
Waterstone College (Pty) Ltd	15% p.a	15% p.a	5 years	5 years	57 944	57 944
Curro Education Namibia (Pty) Ltd	15% p.a	-	5 years	-	58 417	-
					428 112	332 495

Company	Discount rate 2016	Discount rate 2015	Forecast period 2016	Forecast period 2015	Goodwill 2016 R '000	Goodwill 2015 R '000
Curro schools	15% p.a	15% p.a	5 years	5 to 11 years	57 872	57 872

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

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

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

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Notes to the Consolidated And Separate Annual Financial Statements

6. Intangible assets

Group	2016			2015		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Trademarks	73 549	(291)	73 258	69 157	(291)	68 866
Curriculum material	58 719	(1 325)	57 394	29 674	(822)	28 852
Learner enrolments	62 375	(25 887)	36 488	57 056	(20 821)	36 235
Total	194 643	(27 503)	167 140	155 887	(21 934)	133 953

Company	2016			2015		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Trademarks	13 627	(237)	13 390	12 584	(237)	12 347
Curriculum material	38 654	(1 325)	37 329	22 149	(822)	21 327
Learner enrolments	27 721	(12 098)	15 623	26 913	(9 257)	17 656
Total	80 002	(13 660)	66 342	61 646	(10 316)	51 330

Reconciliation of intangible assets - Group - 2016

	Opening balance	Additions through business combinations	Internally generated	Other changes, movements	Amortisation	Closing balance
	R '000	R '000	R '000	R '000	R '000	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
	133 953	8 668	29 044	1 043	(5 568)	167 140

Reconciliation of intangible assets - Group - 2015

	Opening balance	Additions through business combinations	Internally generated	Amortisation	Impairment provision	Closing balance
	R '000	R '000	R '000	R '000	R '000	R '000
Trademarks	68 062	864	32	-	(92)	68 866
Curriculum material	11 356	-	17 632	(136)	-	28 852
Learner enrolments	41 902	-	-	(5 085)	(582)	36 235
	121 320	864	17 664	(5 221)	(674)	133 953

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6. Intangible assets (continued)

Reconciliation of intangible assets - Company - 2016

	Opening balance	Internally generated	Other changes, movements	Amortisation	Closing balance
	R '000	R '000	R '000	R '000	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
	51 330	16 504	1 043	(2 535)	66 342

Reconciliation of intangible assets - Company - 2015

	Opening balance	Additions through business combinations	Internally generated	Amortisation	Impairment provision	Closing balance
	R '000	R '000	R '000	R '000	R '000	R '000
Trademarks	11 575	864	-	-	(92)	12 347
Curriculum material	10 394	-	11 069	(136)	-	21 327
Learner enrolments	19 838	582	-	(2 182)	(582)	17 656
	41 807	1 446	11 069	(2 318)	(674)	51 330

Other information

The useful life of trademarks are 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 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 might be impaired. Refer to note 5 for the details regarding the impairment assessments performed.

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7. Investment in subsidiaries

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

Name of company	%	%	Carrying	Carrying
	holding	holding	amount 2016	amount 2015
	2016	2015	R '000	R '000
Aurora College (Pty) Ltd	- %	100 %	-	-
Building Blocks Prep School (Pty) Ltd	100 %	- %	-	-
Campus and Property Management Company (Pty) Ltd	65 %	65 %	-	-
Curro Holdings Limited Share Incentive Trust	100 %	100 %	-	-
Curro Education Namibia (Pty) Ltd	100 %	- %	-	-
Curro Funding Company (Pty) Ltd	100 %	100 %	-	-
De Jager Kids (Pty) Ltd	100 %	- %	-	-
Dream Park Village (Pty) Ltd	100 %	100 %	3 148	3 148
Educatum Management Services (Pty) Ltd	- %	100 %	-	-
Embury Institute for Teacher Education (Pty) Ltd	100 %	100 %	60 811	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 (Pty) Ltd	- %	100 %	-	-
Woodhill College Property Holdings (Pty) Ltd	100 %	100 %	140 000	140 000
			438 937	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.

Aurora College (Pty) Ltd, Educatum Management Services (Pty) Ltd and Woodhill College (Pty) Ltd had no trading activities since 2014 and was liquidated during 2016.

The new investments during 2016 in subsidiaries (Curro Education Namibia (Pty) Ltd, Building Blocks Prep School (Pty) Ltd and De Jager Kids (Pty) Ltd) are carried at R 100 each. Investments in Building Blocks Prep School (Pty) Ltd and De Jager Kids (Pty) Ltd of R87.9 million was impaired due to the divisionalisation thereof through the dividend in specie declared (refer to note 33).

Subsidiaries with material non-controlling interests

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

Subsidiary	Principal	% Ownership interest held	
	place of	2016	2015
	business		
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.

Curro Holdings Limited and its subsidiaries

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7. Investment in subsidiaries (continued)

Summarised statement of financial position

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000	2016 R '000	2015 R '000
Assets						
Non-current assets	627 781	588 116	-	-	627 781	588 116
Current assets	22 865	66 214	28 411	26 667	51 276	92 881
Total assets	650 646	654 330	28 411	26 667	679 057	680 997
Liabilities						
Non-current liabilities	652 446	649 958	-	-	652 446	649 958
Current liabilities	35 672	17 175	29 468	40 078	65 140	57 253
Total liabilities	688 118	667 133	29 468	40 078	717 586	707 211
Total net liabilities	(37 472)	(12 803)	(1 057)	(13 411)	(38 529)	(26 214)

Non-controlling interest per statement of financial position

(11 671) (7 361)

Summarised statement of comprehensive income

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000	2016 R '000	2015 R '000
Revenue	98 504	90 309	176 289	145 146	274 793	235 455
Operating expenses	(69 936)	(50 856)	(165 432)	(152 579)	(235 368)	(203 435)
Earnings (loss) before interest and taxation	28 568	39 453	10 857	(7 433)	39 425	32 020
Net finance (costs) income	(62 622)	(55 213)	1 497	968	(61 125)	(54 245)
Taxation	9 387	4 160	-	-	9 387	4 160
(Loss) profit for the year	(24 667)	(11 600)	12 354	(6 465)	(12 313)	(18 065)
Loss allocated to non-controlling interest					(4 310)	(6 323)

Summarised statement of cash flows

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000	2016 R '000	2015 R '000
Cash flows from operating activities	65 641	44 712	(387)	11 519	65 254	56 231
Cash flows from investing activities	(51 933)	(22 938)	-	(613)	(51 933)	(23 551)
Cash flows from financing activities	(32 219)	(2 556)	-	-	(32 219)	(2 556)
Net (decrease) increase in cash and cash equivalents	(18 511)	19 218	(387)	10 906	(18 898)	30 124

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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

Name of company

	% ownership interest 2016	% ownership interest 2015	Carrying amount 2016 R '000	Carrying amount 2015 R '000
GRIT Procurement Solutions (Pty) Ltd	40 %	40 %	10 794	9 554

Company

	% ownership interest 2016	% ownership interest 2015	Carrying amount 2016 R '000	Carrying amount 2015 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.

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
9. Loans to (from) group companies				
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	50 134
Campus and Property Management Company (Pty) Ltd The loan is interest free, unsecured and there are no fixed terms of repayment.	-	-	9 267	9 087
Curro Holdings Limited Share Incentive Trust The secured loans are to employees, bears interest at the SARS fringe benefit rate, currently 8% and are repayable within three years from grant date.	-	-	32 686	11 675
Curro Education Namibia (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	-	-	182 288	-
Curro Funding Company (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	-	-	(907)	-
Dream Park Village (Pty) Ltd The loan is interest free, unsecured and there are no fixed terms of repayment.	-	-	3 185	3 181
Embury Institute for Teacher Education (Pty) Ltd The loan is interest free, unsecured and there are no fixed terms of repayment.	-	-	210 664	(4 227)
Plot One Hundred Bush Hill (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	-	-	22 265	21 010
Sheerprops 129 (Pty) Ltd The loan is interest free, unsecured and there are no fixed terms of repayment.	-	-	8 927	6 898
Stratland Developments (Pty) Ltd The loan is interest free, 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.	-	-	43 099	53 503
Woodhill College Property Holdings (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	-	-	58 596	55 118
	-	-	621 780	207 280
Disclosed as follows:				
Non-current assets	-	-	79 860	59 576
Current assets	-	-	542 827	151 931
Current liabilities	-	-	(907)	(4 227)
	-	-	621 780	207 280

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
10. Other financial assets				
At fair value through profit or loss - held for trading				
Interest rate swap	-	1 866	-	1 866
Interest rate swap on a notional amount of R75 million with termination date of 26 November 2018 at a fixed interest rate of 7.49% plus a margin of 2.75%.				
Interest rate swap	-	1 150	-	1 150
Interest rate swap on a notional amount of R62.5 million with termination date of 15 April 2019 at a fixed interest rate of 7.85% plus a margin of 2.60%.				
Interest rate swap	1 182	16 836	1 182	16 836
Interest rate swap on a notional amount of R375 million with termination date of 12 December 2019 at a fixed interest rate of 7.43% plus a margin of 2.35%.				
	1 182	19 852	1 182	19 852
Loans and receivables				
Loans to directors and employees	31 042	11 673	-	-
The loans bear interest at the SARS fringe benefit rate, currently 8% 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.				
Portimix (Pty) Ltd	239 659	47 909	239 659	47 909
The loan is secured by property, bears no interest, and will be repaid upon completion of the building construction which is anticipated in 2017.				
Former owners of Building Blocks Prep School (Pty) Ltd	625	-	625	-
The loan is unsecured, bears no interest and has no fixed repayment terms.				
	271 326	59 582	240 284	47 909
Total other financial assets	272 508	79 434	241 466	67 761
Non-current assets				
At fair value through profit or loss	1 182	19 852	1 182	19 852
Loans and receivables	28 032	9 440	625	-
	29 214	29 292	1 807	19 852
Current assets				
Loans and receivables	243 294	50 142	239 659	47 909
	272 508	79 434	241 466	67 761

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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

	2016		2015	
	Assets R '000	Liabilities R '000	Assets R '000	Liabilities R '000
Interest rate swaps - cash flow hedges	1 182	597	19 852	-
Non-current portion	1 182	597	19 852	-

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 (2015: R nil).

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2016 were R 512.5 million (2015: R 512.5 million).

At 31 December 2016, the fixed interest rates vary from 7.43% to 7.85% (2015: 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 2016 will be continuously released to the statement of comprehensive income until the repayment of the borrowings.

12. Deferred tax liability

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
Property plant and equipment	(419 463)	(259 923)	(245 468)	(168 872)
Prepaid expenditure	(15 184)	(2 079)	(11 894)	(1 280)
Interest rate swaps	(164)	-	(164)	-
Intangible assets	(32 167)	(27 663)	(7 638)	(8 200)
Income received in advance	39 445	27 516	31 554	23 717
Provision for bonuses	3 433	-	3 217	-
Donations	6 160	-	-	-
Tax losses available for set off against future taxable income	99 873	73 585	73 830	56 899
Total deferred tax liability	(318 067)	(188 564)	(156 563)	(97 736)

Reconciliation of net deferred tax liability

At beginning of year	(188 564)	(165 624)	(97 736)	(73 362)
Originating temporary differences on:				
Property, plant and equipment	(159 540)	(54 692)	(76 595)	(49 620)
Prepaid expenditure	(13 105)	3 454	(10 614)	912
Intangible assets	(4 504)	(1 818)	562	596
Income received in advance	11 930	654	7 837	2 244
Provision for doubtful debts	-	(427)	-	(370)
Provision for bonuses	3 433	-	3 217	-
Donations	6 160	-	-	-
Interest rate swaps	(164)	-	(164)	-
Increase in tax losses available for set off against future taxable income	26 287	29 889	16 931	21 864
	(318 067)	(188 564)	(156 562)	(97 736)

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

12. Deferred tax liability (continued)

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

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

Merchandise	9 777	8 392	642	1 365
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There were no inventory write-downs during the period under review.

14. Trade and other receivables

Gross receivable	29 430	19 809	94 777	58 969
Provision for impairment	-	-	-	-
Trade receivables	29 430	19 809	94 777	58 969
Prepayments	33 151	8 965	30 412	6 500
Deposits	6 006	4 775	317	255
Value added taxation	13 677	2 121	5 266	2 089
Other receivables	2 920	740	79	80
	85 184	36 410	130 851	67 893

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 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 R 66 million (2015: R 33 million) balance in 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 2016, R10.9 million (2015: R 10.0 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 2016, R7.7 million (2015: R 7.5 million) were past due but not impaired.

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

1 month past due	5 722	4 585	4 021	3 273
2 months past due	3 176	2 662	2 213	1 991
3 months past due	2 044	2 790	1 488	2 252
	10 942	10 037	7 722	7 516

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	Group		Company	
	2016	2015	2016	2015
	R '000	R '000	R '000	R '000

14. Trade and other receivables (continued)

Trade receivables impaired

Group

As of 31 December 2016, trade and other receivables of R nil (2015: R nil) were impaired and provided for.

Company

As of 31 December 2016, trade and other receivables of R nil (2015: R nil) were impaired and provided for.

Reconciliation of provision for impairment

Opening balance	-	4 144	-	3 564
Provision for impairment	24 062	12 004	18 797	9 241
Amounts written off as uncollectable	(24 062)	(16 148)	(18 797)	(12 805)
	-	-	-	-

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	705 657	230 526	530 948	166 616
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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.

Amount of undrawn facilities available as at 31 December	372 000	414 000	225 000	300 000
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16. Share capital

Authorised

Ordinary shares with no par value ('000)	600 000	600 000	600 000	600 000
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Issued

Ordinary shares with no par value (R'000)	4 556 399	2 834 177	4 677 107	2 877 532
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Reconciliation of number of shares issued:

Reported as at 01 January 2016 ('000)	356 867	325 596	356 867	325 596
Issue of shares ('000)	50 285	31 271	50 285	31 271
	407 152	356 867	407 152	356 867

Unissued ordinary shares of 38 931 026 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.

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17. Share based payments

17.1 Details of the employee share 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:

	2016		2015	
	Number of options	Weighted average exercise price (Rand)	Number of options	Weighted average exercise price (Rand)
Outstanding at the beginning of the year	6 551 570	22.66	6 526 293	18.61
Awarded during the year	1 597 400	42.01	1 722 200	35.42
Exercised during the year	(2 179 131)	9.48	(1 671 570)	9.48
Forfeited during the year	(127 800)	18.06	(25 353)	18.06
Outstanding at the end of the year	5 842 039	31.10	6 551 570	22.66

The number of shares available to award at the reporting date in terms of the Curro Holdings Limited Share Incentive Trust deed is 7 318 444 (2015: 5 527 455) shares.

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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 2016	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 2016
CR van der Merwe	210 791	-	(210 791)	5.93	4.50	2011/09/29	-
	93 778	-	(46 889)	17.10	15.10	2012/09/29	46 889
	301 181	-	(100 394)	19.61	18.44	2013/09/29	200 787
	134 200	-	(33 550)	25.58	24.62	2014/09/29	100 650
	197 200	-	-	35.42	34.91	2015/09/29	197 200
	-	140 200	-	42.01	42.01	2016/09/29	140 200
	937 150	140 200	(391 624)				685 726
AJF Greyling	180 228	-	(180 228)	5.93	4.50	2011/09/29	-
	71 261	-	(35 631)	17.10	15.10	2012/09/29	35 630
	177 898	-	(59 300)	19.61	18.44	2013/09/29	118 598
	93 900	-	(23 475)	25.58	24.62	2014/09/29	70 425
	120 600	-	-	35.42	34.91	2015/09/29	120 600
	-	95 800	-	42.01	42.01	2016/09/29	95 800
	643 887	95 800	(298 634)				441 053
B van der Linde	102 345	-	(102 345)	5.93	4.59	2011/09/29	-
	47 612	-	(23 807)	17.10	15.32	2012/09/29	23 805
	128 944	-	(42 981)	19.61	18.71	2013/09/29	85 963
	78 700	-	(19 675)	25.58	24.98	2014/09/29	59 025
	84 700	-	-	35.42	34.91	2015/09/29	84 700
	-	67 200	-	42.01	42.01	2016/09/29	67 200
	442 301	67 200	(188 808)				320 693
HG Louw	122 934	-	(122 934)	5.93	4.59	2011/09/29	-
	49 772	-	(24 887)	17.10	15.32	2012/09/29	24 885
	137 184	-	(45 728)	19.61	18.71	2013/09/29	91 456
	63 500	-	(15 875)	25.58	24.98	2014/09/29	47 625
	87 300	-	-	35.42	34.91	2015/09/29	87 300
	-	68 800	-	42.01	42.01	2016/09/29	68 800
	460 690	68 800	(209 424)				320 066
	2 484 028	372 000	(1 088 490)				1 767 538

624 916 shares are offered as security for the loans provided by Curro Holdings Limited Share Incentive Trust.

Vesting year

Vesting year	Number of options outstanding	Weighted average strike price (Rand)
29 September 2017	1 560 755	24.40
29 September 2018	1 735 659	29.66
29 September 2019	1 326 925	33.11
29 September 2020	819 350	38.37
29 September 2021	399 350	42.01
	5 842 039	31.10

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17. Share based payments (continued)

17.3 Share option expense for the year

Total expenses of R 14.3 million (2015: R11.5 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:

	2016	2015
Strike price (Rand)	42.01	35.42
Current share price (Rand)	42.01	35.42
Fair value (Rand)	15.05	10.25
Volatility (%)	34.44	25.34
Risk free rate (%)	8.01	6.78
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	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
Balance as at beginning of the year	21 466	(3 240)	21 466	(3 240)
Recognition of fair value movement, after taxation	(20 765)	24 706	(20 765)	24 706
Balance at the end of the year	701	21 466	701	21 466

19. Other financial liabilities

At fair value through profit or loss - held for trading

Interest rate swap

Interest rate swap on a notional amount of R75 million with termination date of 26 November 2018 at a fixed interest rate of 7.49% plus a margin of 2.75%.

Interest rate swap

Interest rate swap on a notional amount of R62.5 million with termination date of 15 April 2019 at a fixed interest rate of 7.85% plus a margin of 2.60%.

Total at fair value through profit or loss

60	-	60	-
537	-	537	-
597	-	597	-

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
19. Other financial liabilities (continued)				
Held at amortised cost				
ABSA Bank Ltd - Instalment sale agreements	34 132	36 727	34 132	36 727
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.				
Development Bank of South Africa	144 445	150 000	144 445	150 000
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	8 147	8 446	8 147	8 446
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	8 278	10 618	-	-
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 no 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	2 994	5 008	276	1 289
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	132 566	122 286	-	-
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.				
Senior Secured Floating Rate Notes (Stock Code COH001)	151 371	151 329	151 371	151 329
The notes bear interest at three-month JIBAR plus 2.75%. The date of maturity is 26 November 2018.				
Senior Secured Floating Rates Notes (Stock Code COH002)	127 558	127 349	127 558	127 349
The notes bear interest at three-month JIBAR plus 2.60%. The date of maturity is 15 April 2019.				
Schools and Education Investment Impact Fund of South Africa (SEIIFSA)	458 289	457 485	-	-
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.				
Standard Bank of South Africa Ltd (First Bullet Facility)	425 000	450 000	425 000	450 000
The secured loan bears interest at three-month JIBAR plus 2.35%, payable in December 2019.				
Standard Bank of South Africa Ltd (Second Bullet Facility)	50 000	50 148	50 000	50 148
The secured loan bears interest at three-month JIBAR plus 2.15%, payable in December 2020.				

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
19. Other financial liabilities (continued)				
Standard Bank of South Africa Ltd - Instalment sale agreements	16 863	29 164	16 863	29 164
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.				
Nedbank Ltd - Instalment sale agreements	174	283	174	283
The secured loans bear interest at 10.25%, payable in monthly instalments of R11,050. Secured by fixed assets as disclosed in note 4.				
Other loan	298	298	298	298
The loan bears no interest and is not repayable within the next 12 months.				
Sanlam	100 000	-	100 000	-
The secured loan bears interest at three-month JIBAR plus 2.35%, payable in December 2019.				
Transaction costs incurred	(10 078)	(9 908)	(8 824)	(8 540)
Total at amortised cost	1 650 237	1 589 433	1 049 640	996 693
	1 650 834	1 589 433	1 050 237	996 693
Non-current liabilities				
Fair value through profit or loss	597	-	597	-
At amortised cost	1 623 054	1 561 250	1 022 457	968 510
	1 623 651	1 561 250	1 023 054	968 510
Current liabilities				
At amortised cost	27 183	28 183	27 183	28 183
	1 650 834	1 589 433	1 050 237	996 693

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 and 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

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	Group		Company	
	2016	2015	2016	2015
	R '000	R '000	R '000	R '000

19. Other financial liabilities (continued)

- 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 boarding house 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

Minimum lease payments due

- within one year	27 447	29 593	27 447	29 593
- in second to fifth year inclusive	41 630	44 800	41 630	44 800
	69 077	74 393	69 077	74 393
less: future finance charges	(17 908)	(8 219)	(17 908)	(8 219)
Present value of minimum lease payments	51 169	66 174	51 169	66 174

Present value of minimum lease payments due

- within one year	22 710	25 197	22 710	25 197
- in second to fifth year inclusive	28 459	40 977	28 459	40 977
	51 169	66 174	51 169	66 174

The Group and 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.

21. Trade and other payables

Income received in advance	171 225	115 114	119 982	84 703
Trade payables	38 870	37 786	39 359	37 094
Development and acquisition payables	90 850	6 000	51 470	6 000
Accrued expense	77 988	53 986	58 421	42 130
Entrance deposits	4 720	4 860	3 142	3 282
Value added taxation	2 840	2 237	162	277
Onerous contracts	2 380	672	1 692	672
Other payables	-	-	-	14 248
	388 873	220 655	274 228	188 406

Credit periods vary, but ordinarily the Group and 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 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.

Development and acquisition payables was reclassified from Other payables with respect to the comparative year 31 December 2015. The reclassification had no effect on the consolidated and separate statement of financial position other than to enhance the comparability of the balances within this note.

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
22. Revenue				
Rendering of services	1 761 077	1 383 739	1 319 318	1 049 851
The amount included in revenue:				
Registration and tuition fees	1 630 779	1 274 698	1 253 465	994 239
Other income	75 606	55 780	55 795	50 745
Hostel fees	59 446	56 290	12 731	7 128
Aftercare fees	46 658	38 970	40 096	33 640
Tablet curriculum fees	27 352	17 661	25 841	16 413
Bus income	20 451	17 234	20 143	17 094
Rental income	6 745	6 384	6 637	6 150
Subsidy income	2 575	2 987	-	-
Discounts granted	(108 535)	(86 265)	(95 390)	(75 558)
	1 761 077	1 383 739	1 319 318	1 049 851
23. Earnings before interest and taxation				
Earnings before interest and taxation for the year is stated after accounting for the following:				
Operating lease charges				
Premises				
• Contractual amounts	5 222	8 976	17 618	20 465
Equipment				
• Contractual amounts	19 746	12 030	17 183	10 768
	24 968	21 006	34 801	31 233
(Loss) profit on sale of property, plant and equipment	(494)	(30)	(169)	211
Loss on capital contribution - share incentive plan	-	-	(77 353)	(43 355)
Amortisation on intangible assets	5 568	5 221	2 535	2 318
Depreciation on property, plant and equipment	102 174	80 287	85 268	64 943
Employee costs	935 538	738 269	715 700	577 697
Repairs and maintenance	28 113	19 858	22 403	16 467
Bad debts written off	24 314	16 452	18 797	12 805
24. Investment income				
Dividend received				
Subsidiaries - Local	-	-	25 486	-
Interest received				
Bank	56 233	26 444	47 470	22 554
Interest charged on trade and other receivables	2 271	981	1 895	645
Related parties	35	-	27 316	9 698
	58 504	27 425	76 681	32 897
	58 504	27 425	102 167	32 897

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

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
25. Finance costs				
Borrowings	179 588	151 925	112 275	93 284
Bank	137	479	53	479
Other interest paid	14	99	7	-
Less: Interest capitalised	(52 349)	(34 667)	(51 160)	(32 558)
	127 390	117 836	61 175	61 205

The capitalisation rate used for the Group and Company during the period was 10.1% (2015: 10.1%) 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 excludes interest capitalised to property, plant and equipment.

26. Taxation

Major components of the tax expense

Current taxation

Local income tax - current period	7 328	4 365	-	-
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Deferred taxation

Temporary differences - current period	35 733	21 791	39 740	22 928
Capital gains tax rate change	3 730	-	1 247	-
Arising from prior period adjustments	996	(2 884)	996	(2 884)
	40 459	18 907	41 983	20 044
	47 787	23 272	41 983	20 044

Reconciliation of the tax expense

Reconciliation between applicable tax rate and effective tax rate.

Applicable tax rate	28.0 %	28.0 %	28.0 %	28.0 %
Non-taxable income - Gain on bargain purchase	(1.9)%	(1.0)%	(6.9)%	(1.9)%
Non-taxable income - Profit on sale of property, plant and equipment	0.1 %	- %	(0.1)%	(0.1)%
Non-taxable income - Share of profit of associate	(0.1)%	(0.2)%	- %	- %
Non-deductible expenditure - Share-based payment expenditure	1.9 %	2.8 %	6.9 %	5.2 %
Non-deductible expenditure - Impairment losses	1.5 %	1.5 %	46.5 %	2.7 %
Non-deductible expenditure - Amortisation of intangible assets	- %	0.6 %	- %	1.0 %
Current years losses in subsidiaries	- %	1.0 %	- %	- %
Deferred tax - increase in capital gains tax rate	1.7 %	- %	2.1 %	- %
Capital contribution - share incentive scheme	(10.1)%	(10.5)%	- %	- %
Deferred tax - Sale of business (Meridian Pretoria)	- %	(0.1)%	- %	- %
Deferred tax - Business combination acquisition	- %	1.0 %	- %	2.0 %
Deferred tax - Prior year correction	0.5 %	(2.5)%	1.7 %	(4.7)%
Other	0.6 %	(0.4)%	4.2 %	0.4 %
Non-taxable income - Dividend received in specie	- %	- %	(12.0)%	- %
	22.2 %	20.2 %	70.4 %	32.6 %

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

26. Taxation (continued)

Group

The estimated tax loss available for set off against future taxable income is R 356.7 million (2015: R 262.7 million).

Company

No provision has been made for 2016 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 263.7 million (2015: R 203.2 million).

27. Auditors remuneration

Audit fees	1 736	1 217	1 300	964
Fees for non-audit services	57	25	-	-
	1 793	1 242	1 300	964

28. Operating lease

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

Premises

- within one year	22 339	12 164	35 667	12 164
- in second to fifth year inclusive	188 046	56 037	112 435	56 037
- later than five years	299 114	114 136	171 432	114 136
	509 499	182 337	319 534	182 337

Equipment

- within one year	7 094	7 454	6 548	6 748
- in second to fifth year inclusive	6 766	14 047	6 406	12 247
	13 860	21 501	12 954	18 995

The Waterfall Castle, Primary and College lease agreements are for an initial period of 12 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

Items that may be reclassified to profit or loss

Effects of cash flow hedges

Gross	(20 601)	24 706	(20 601)	24 706
Tax	(164)	-	(164)	-
Net	(20 765)	24 706	(20 765)	24 706

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
30. Earnings per share				
Basic earnings per share				
From continuing operations (cents per share)	44.7	27.8		
Basic earnings per share was based on earnings of R 171.673 million (2015: R 98.344 million) and a weighted average number of ordinary shares of 384.7 million (2015: 353.6 million).				
Reconciliation of profit or loss for the year to basic earnings				
Profit or loss for the year attributable to equity holders of the parent	171 673	98 344		
Diluted earnings per share				
In the determination of diluted earnings per share, profit or loss attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.				
Diluted earnings per share				
From continuing operations (cents per share)	44.5	27.4		
Reconciliation of basic earnings to diluted earnings				
Basic earnings	171 673	98 344		
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)	384 702	353 551		
Shares deemed to be issued for no consideration in respect of:				
- Share options incentive plan ('000)	1 681	5 600		
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	386 383	359 151		
Headline earnings and diluted headline earnings per share				
Headline earnings per share (cents per share)	43.9	28.3		
Diluted headline earnings per share (cents per share)	43.7	27.9		
Reconciliation between earnings and headline earnings				
Basic earnings	171 673	98 344		
Adjusted for:				
Loss on disposal of property, plant and equipment	494	30		
Loss on impairment	11 227	6 062		
Gain on bargain purchase	(14 701)	(4 242)		
Tax effect of reconciling items	-	(8)		
Headline earnings	168 693	100 186		

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
30. Earnings per share (continued)				
Reconciliation between diluted earnings and diluted headline earnings				
Diluted earnings	171 673	98 344		
Adjusted for:				
Loss on disposal of property, plant and equipment	494	30		
Loss on impairment	11 227	6 062		
Gain on bargain purchase	(14 701)	(4 242)		
Tax effect of reconciling items	-	(8)		
Diluted headline earnings	168 693	100 186		

Earnings per share and headline earnings per share have been adjusted for the comparative period to reflect the bonus element of the 2016 rights offer undertaken. The adjustment to basic and diluted weighted average number of shares in issue is an increase of 5.2 million and 5.3 million shares respectively for the year ended 31 December 2015.

31. Cash generated from operations

Profit before taxation	215 150	115 293	59 666	62 014
Adjustments for:				
Depreciation and amortisation	107 742	85 508	87 803	67 261
Net loss (profit) on disposal of property, plant and equipment	494	30	169	(211)
Income from equity accounted investments	(977)	(689)	-	-
Dividends received	-	-	(25 486)	-
Interest received	(58 504)	(27 425)	(76 681)	(32 897)
Finance costs	127 390	117 836	61 175	61 205
Impairment	11 227	6 062	99 118	6 062
Non cash flow interest on hedge recognised through equity	(2 030)	1 334	(2 030)	1 334
Realised profit from share of profits of associates	(263)	(241)	-	-
Share based payment expense	14 282	11 517	14 282	11 517
Gain on bargain purchase	(14 701)	(4 242)	(14 701)	(4 242)
Changes in working capital:				
(Increase) decrease in inventories	(1 375)	9 780	733	9 649
(Increase) decrease in trade and other receivables	(45 767)	2 239	(60 649)	(26 626)
Increase (decrease) in trade and other payables	128 639	(55 892)	72 387	(31 456)
	481 307	261 110	215 786	123 610

32. Tax (paid) refunded

Balance at beginning of the year	5 903	1 229	1 263	1 266
Current tax for the year recognised in profit or loss	(7 328)	(4 365)	-	-
Balance at end of the year	(7 433)	(5 903)	(1 151)	(1 263)
	(8 858)	(9 039)	112	3

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
33. Business combinations				
Aggregated business combinations				
Property, plant and equipment	313 997		72 548	
Intangible assets	8 669		-	
Inventories	10		10	
Trade and other receivables	3 007		-	
Cash and cash equivalents	11 703		10 404	
Other financial liabilities	(11 854)		(3 995)	
Deferred tax liability	(88 979)		(16 680)	
Trade and other payables	(5 446)		(4 733)	
Total identifiable net assets	231 107		57 554	
Goodwill	95 617		-	
Gain on bargain purchase	(14 701)		(14 701)	
	312 023		42 853	

Consideration paid

Cash	(277 891)	(35 000)
Contingent consideration arrangement	(7 853)	(7 853)
Outstanding consideration payable	(26 279)	-
	(312 023)	(42 853)

Net cash outflow on acquisition

Cash consideration paid	(277 891)	(35 000)
Cash acquired	11 703	10 404
	(266 188)	(24 596)

Impact of acquisitions on Group results

Revenue recognised since acquisition date	85 813	12 418
Profit (loss) recognised since acquisition date	13 215	(1 813)
Had the business combination been effective at 1 January 2016, the estimated impact, would be as follows:		
Revenue	124 303	24 836
Profit (loss) for the period	17 780	(3 626)

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.

Windhoek Gymnasium

Effective 1 March 2016, the Group acquired the entire business operations and properties of Windhoek Gymnasium for a purchase consideration of R181 million in order to continue the expansion of the Group. Windhoek Gymnasium is principally involved in the private school industry in Windhoek, Namibia.

R25 million of the purchase consideration, plus 5% interest, is payable on the first anniversary of the effective date which will be 1 March 2017.

Goodwill of R58.4 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.

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

33. Business combinations (continued)

St. Conrad's College

Effective 1 July 2016, the Company acquired the entire business operations and properties of St. Conrad's College (St. Conrad's) for a purchase consideration of R50 million in order to continue the expansion of the Group. St. Conrad's is principally involved in the private school industry in Klerksdorp, North West.

Additional consideration of R 10 million is payable if the learner numbers reach 750 and a further R 5 million becomes payable if learner numbers reaches 900 learners. The consideration has been discounted at the prime lending rate of 10.5% which result in R7.3 million payable recognised at the end of the reporting period.

A bargain purchase of R14.7 million was realised and is mainly attributable to the fair value of Property, plant and equipment exceeding the purchase price.

Building Blocks

Effective 1 July 2016, the Company acquired 100% of the issued shares of Building Blocks Prep School (Pty) Ltd and De Jager Kids (Pty) Ltd (Building Blocks) for a purchase consideration of R87.9 million in order to continue the expansion of the Group. Property, plant and equipment to the value of R 68 million was acquired in the process.

Building Blocks consists of 4 sites, all situated in Gauteng, who are principally involved in the nursery and primary school sector.

Goodwill of R37.2 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.

At the same time the assets of Building Blocks were distributed to Curro as a liquidation distribution for purposes of section 47 of the Income Tax Act, No. 58 of 1962, as amended. Dividends in specie of R 25.5 million were declared by Building Blocks to Curro to distribute the assets and liabilities. The dividend is net of assets (R 30.6 million) and liabilities (R 5.1 million).

34. Commitments and guarantees

Authorised future capital commitments

Authorised and contracted	127 539	738 030	127 539	424 090
Authorised, but not yet contracted	1 878 221	1 282 970	1 672 461	1 282 970
	2 005 760	2 021 000	1 800 000	1 707 060

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 Ethekewini Municipality of R0.7 million and R2.4 million respectively relating to construction of infrastructure at Curro Monaghan and Curro Hillcrest.

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
35. Related parties				
Relationships				
Ultimate holding company			PSG Group Ltd	
Holding company			PSG Financial Services Ltd	
Subsidiaries			Refer to note 7	
Associates			Refer to note 8	
Related party balances				
Loan accounts - Owning (to) by related parties				
Campus and Property Management Company (Pty) Ltd	-	-	60 076	59 221
Curro Holdings Limited Share Incentive Trust	-	-	32 686	11 675
Dream Park Village (Pty) Ltd	-	-	3 185	3 181
Embury Institute for Teacher Education (Pty) Ltd	-	-	210 664	(4 227)
Plot One Hundred Bush Hill (Pty) Ltd	-	-	22 265	21 010
Sheerprops 129 (Pty) Ltd	-	-	8 927	6 898
Stratland Developments (Pty) Ltd	-	-	901	901
Waterstone College (Pty) Ltd	-	-	43 099	53 503
Woodhill College Property Holdings (Pty) Ltd	-	-	58 596	55 118
Curro Funding Company (Pty) Ltd	-	-	(907)	-
Curro Education Namibia (Pty) Ltd	-	-	182 288	-
Amounts included in trade and other receivables regarding related parties				
Campus and Property Management Company (Pty) Ltd	-	-	2 825	2 487
GRIT Procurement Solutions (Pty) Ltd	26 326	1 170	26 326	1 170
Meridian Operations Company (RF) NPC	-	-	1 407	550
Plot One Hundred Bush Hill (Pty) Ltd	-	-	276	1 776
Woodhill College Property Holdings (Pty) Ltd	-	-	463	4 636
Waterstone College (Pty) Ltd	-	-	66 124	32 538
Amounts included in trade and other payables regarding related parties				
Campus and Property Management Company (Pty) Ltd	-	-	(300)	(14 272)
GRIT Procurement Solutions (Pty) Ltd	(20 119)	(14 302)	(18 008)	(11 657)
Meridian Operations Company (RF) NPC	-	-	-	(69)
Plot One Hundred Bush Hill (Pty) Ltd	-	-	(5 335)	(3 552)
PSG Corporate Services (Pty) Ltd	(99)	(29)	(99)	(29)
Related party transactions				
Interest paid to / (received) from related parties				
Curro Holdings Limited Share Incentive Trust	-	-	(1 226)	(508)
GRIT Procurement Solutions (Pty) Ltd	-	(295)	-	(295)
Plot One Hundred Bush Hill (Pty) Ltd	-	-	(1 974)	(1 790)
Waterstone College (Pty) Ltd	-	-	(4 627)	(2 480)
Woodhill College Property Holdings (Pty) Ltd	-	-	(5 456)	(4 625)
Purchases from related parties				
GRIT Procurement Solutions (Pty) Ltd	122 427	67 308	109 609	60 030
Administration fees paid to related parties				
PSG Corporate Services (Pty) Ltd	845	1 323	845	1 323
Share issue costs paid to related parties				
PSG Corporate Services (Pty) Ltd	25 132	13 425	25 132	13 425

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	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
35. Related parties (continued)				
Management fees received from related parties				
Campus and Property Management Company (Pty) Ltd	-	-	(8 155)	(7 719)
Meridian Operations Company (RF) NPC	-	-	(2 324)	(2 200)
Rent paid to (received from) related parties				
GRIT Procurement Solutions (Pty) Ltd	543	(805)	543	(805)
Plot One Hundred Bush Hill (Pty) Ltd	-	-	1 750	1 667
Woodhill College Property Holdings (Pty) Ltd	-	-	13 003	12 249
Compensation to directors and other key management				
Short-term employee benefits	17 128	15 754	17 128	15 754

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.

Refer to note 36 for the separate disclosed categories of compensation.

36. Directors and prescribed officer's emoluments

Executive

2016

	Basic salary	Expense allowances	Pension contributions paid	Bonuses	Gains on exercise of options	Total
	R '000	R '000	R '000	R '000	R '000	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

2015

	Basic salary	Expense allowances	Pension contributions paid	Bonuses	Gains on exercise of options	Total
	R '000	R '000	R '000	R '000	R '000	R '000
AJF Greyling	1 767	115	66	1 540	7 264	10 752
HG Louw	1 341	225	95	1 066	5 054	7 781
B van der Linde	1 514	74	72	1 077	4 352	7 089
CR van der Merwe	2 367	112	47	1 908	9 119	13 553
	6 989	526	280	5 591	25 789	39 175

PJ Mouton is a non-executive director of Curro Holdings Ltd and has a standard service contract with PSG Corporate Services (Pty) Ltd. His remuneration for services rendered as executive director within the PSG Group for 2016 are emoluments of R4 million and bonus and performance related payments of R5.3 million, which is paid by PSG Corporate Services (Pty) Ltd. During 2016 PJ Mouton's gain on vesting of PSG Group Ltd share options incentive plan amounted to R32.7 million.

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36. Directors and prescribed officer's emoluments (continued)

Non-executive

	Directors' fees 2016 R '000	Directors' fees 2015 R '000
SL Botha	436	395
ZL Combi	239	214
PJ Mouton	202	214
SWF Muthwa	245	193
B Petersen	236	214
	1 358	1 230

Prescribed officers

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

2015

	Basic salary R '000	Pension contributions paid R '000	Bonuses R '000	Total R '000
S Totaram	1 166	44	46	1 256
R van Rensburg	975	36	101	1 112
	2 141	80	147	2 368

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37. Categories of financial instruments

	Note(s)	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
		R '000	R '000	R '000	R '000	R '000
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	-	243 294	-	-	243 294
Trade and other receivables	14	-	46 027	-	-	46 027
Cash and cash equivalents	15	-	705 657	-	-	705 657
		-	994 978	-	-	994 978
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

Categories of financial instruments - Group - 2015

Assets

Non-Current Assets

Other financial assets	10	19 852	9 440	-	-	29 292
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Current Assets

Other financial assets	10	-	50 142	-	-	50 142
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Trade and other receivables	14	-	25 324	-	-	25 324
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Cash and cash equivalents	15	-	230 526	-	-	230 526
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		-	305 992	-	-	305 992
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Liabilities

Non-Current Liabilities

Other financial liabilities	19	-	-	-	1 561 250	1 561 250
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Current Liabilities

Other financial liabilities	19	-	-	-	28 183	28 183
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Trade and other payables	21	-	-	-	218 418	218 418
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		-	-	-	246 601	246 601
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37. Categories of financial instruments (continued)

Categories of financial instruments - Company - 2016

	Note(s)	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
		R '000	R '000	R '000	R '000	R '000
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
Other financial assets	10	-	239 659	-	-	239 659
Trade and other receivables	14	-	100 122	-	-	100 122
Cash and cash equivalents	15	-	530 948	-	-	530 948
		-	1 413 556	-	-	1 413 556
Liabilities						
Non-Current Liabilities						
Other financial liabilities	19	-	-	597	1 022 457	1 023 054
Current Liabilities						
Loans from 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

Categories of financial instruments - Company - 2015

Assets

Non-Current Assets

Loans to group companies	9	-	59 576	-	-	59 576
Other financial assets	10	19 852	-	-	-	19 852
		19 852	59 576	-	-	79 428

Current Assets

Loans to group companies	9	-	151 931	-	-	151 931
Other financial assets	10	-	47 909	-	-	47 909
Trade and other receivables	14	-	59 304	-	-	59 304
Cash and cash equivalents	15	-	166 616	-	-	166 616
		-	425 760	-	-	425 760

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37. Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
		R '000	R '000	R '000	R '000	R '000
Liabilities						
Non-Current Liabilities						
Other financial liabilities	19	-	-	-	968 510	968 510
Current Liabilities						
Loans from group companies	9	-	-	-	4 227	4 227
Other financial liabilities	19	-	-	-	28 183	28 183
Trade and other payables	21	-	-	-	188 129	188 406
		-	-	-	220 539	220 816

38. 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 & 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 2016 and 2015 respectively were as follows:

		Group		Company	
		2016 R '000	2015 R '000	2016 R '000	2015 R '000
Total borrowings					
Loans from related parties	9	-	-	907	4 227
Other financial liabilities	19	1 650 237	1 589 433	1 049 640	996 693
		1 650 237	1 589 433	1 050 547	1 000 920
Less: Cash and cash equivalents	15	705 657	230 526	530 948	166 616
Net debt		944 580	1 358 907	519 599	834 304
Total equity		4 963 933	3 080 831	4 840 534	3 031 757
Total capital		5 908 513	4 439 738	5 360 133	3 866 061
Gearing ratio		16 %	31 %	10 %	22 %

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38. 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 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	29 705	-	-
Other financial assets	-	1 182	-

At 31 December 2015

	Less than 1 year R '000	Between 2 and 5 years R '000	Over 5 years R '000
Borrowings	(28 183)	(889 821)	(671 429)
Trade and other payables	(217 746)	(672)	-
Trade and other receivables	25 324	-	-
Other financial assets	9 440	19 852	-

Company

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	239 659	1 807	-

At 31 December 2015

	Less than 1 year R '000	Between 2 and 5 years R '000	Over 5 years R '000
Borrowings	(28 183)	(839 606)	(128 904)
Trade and other payables	(187 457)	(672)	-
Trade and other receivables	59 304	-	-
Loans to subsidiaries and associates	207 280	-	-
Other financial assets	-	19 852	-

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38. 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 R10.8 million (2015: R 9.2 million) for the Group and R 10.8 million (2015: R 3.4 million) for the Company. A 100 basis points decrease in the interest rate would have a equal, but opposite effect on profit or loss.

Interest rate swap contracts

Under interest rate swap contracts, the Group and Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principle amounts. Such contracts enable the Group and 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 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 and Company's exposure to interest rate risk at the end of the year is R 1.1 billion and R 545 million respectively (2015: R 920.7 million and R 340.9 million respectively) after taking into consideration the notional amounts of the interest rate hedge of R 512.5 million (2015: R512.5 million) for Group and Company.

Credit risk

Credit risk consists mainly of cash deposits, cash and cash equivalents, derivative financial instruments and trade debtors. The Group and 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 2016, the Group and 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:

Financial instrument	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Interest rate swap	585	19 852	585	19 852
Cash and cash equivalents	705 657	230 526	530 948	166 616

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38. Risk management (continued)

Foreign exchange risk

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

39. Fair value information

Levels of fair value measurements

Level 2

Recurring fair value measurements

Assets	Note(s)	Group		Company	
		2016 R '000	2015 R '000	2016 R '000	2015 R '000
Financial assets at fair value through profit or loss - held for trading					
Interest rate swaps	10	1 182	19 852	1 182	19 852
Liabilities					
Financial liabilities at fair value through profit or loss					
Interest rate swaps	19	597	-	597	-
Total		585	19 852	585	19 852

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.

40. 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 Company have adequate resources in place to continue in operation for the foreseeable future.

41. Events after the reporting date

Curro and BA ISAGO University, in Botswana, have mutually agreed not to conclude the acquisition of 50% of BA ISAGO that was announced on SENS on 21 November 2016 and to put further discussions on hold until some time in the future.

The directors are not aware of any other matter, which is material to the Group or Company, that has occurred between the reporting date and the date of the approval of the consolidated and separate annual financial statements.

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42. Range of shareholding

Range of shareholding	Number of shares held in range 2016	%	Number of shares held in range 2015	%
1 to 500	1 262 631	0.3	865 975	0.2
501 to 1 000	2 105 800	0.5	1 356 445	0.4
1 001 to 5 000	12 680 715	3.1	9 211 996	2.6
5 001 to 10 000	8 012 207	2.0	6 349 018	1.8
10 001 and over	383 090 709	94.1	339 084 306	95.0
	407 152 062	100.0	356 867 740	100.0

Public and non-public shareholding

	Number of shares held 2016	%	Number of shares held 2015	%
PSG Financial Services Ltd	228 210 051	56.1	207 940 375	58.3
Directors	7 556 415	1.9	7 310 296	2.0
Total non-public shareholding	235 766 466	58.0	215 250 671	60.3
Total public shareholding	171 385 596	42.0	141 617 069	39.7
	407 152 062	100.0	356 867 740	100.0

Number of public and non-public shareholders

	Number of shareholders 2016	%	Number of shareholders 2015	%
Non-public	7	-	7	0.1
Public	17 201	100.0	12 077	99.9
	17 208	100.0	12 084	100.0

Individual shareholders holding more than 5%

	Number of shares held 2016	%	Number of shares held 2015	%
PSG Financial Services Ltd	228 210 051	56.1	207 940 375	58.3
Thembeke Market Holdings (Pty) Ltd	21 414 497	5.3	21 414 497	6.0
Coronation Ltd	20 442 580	5.0	-	-
	270 067 128	66.4	229 354 872	64.3