

ANNUAL
INTEGRATED
REPORT

2018

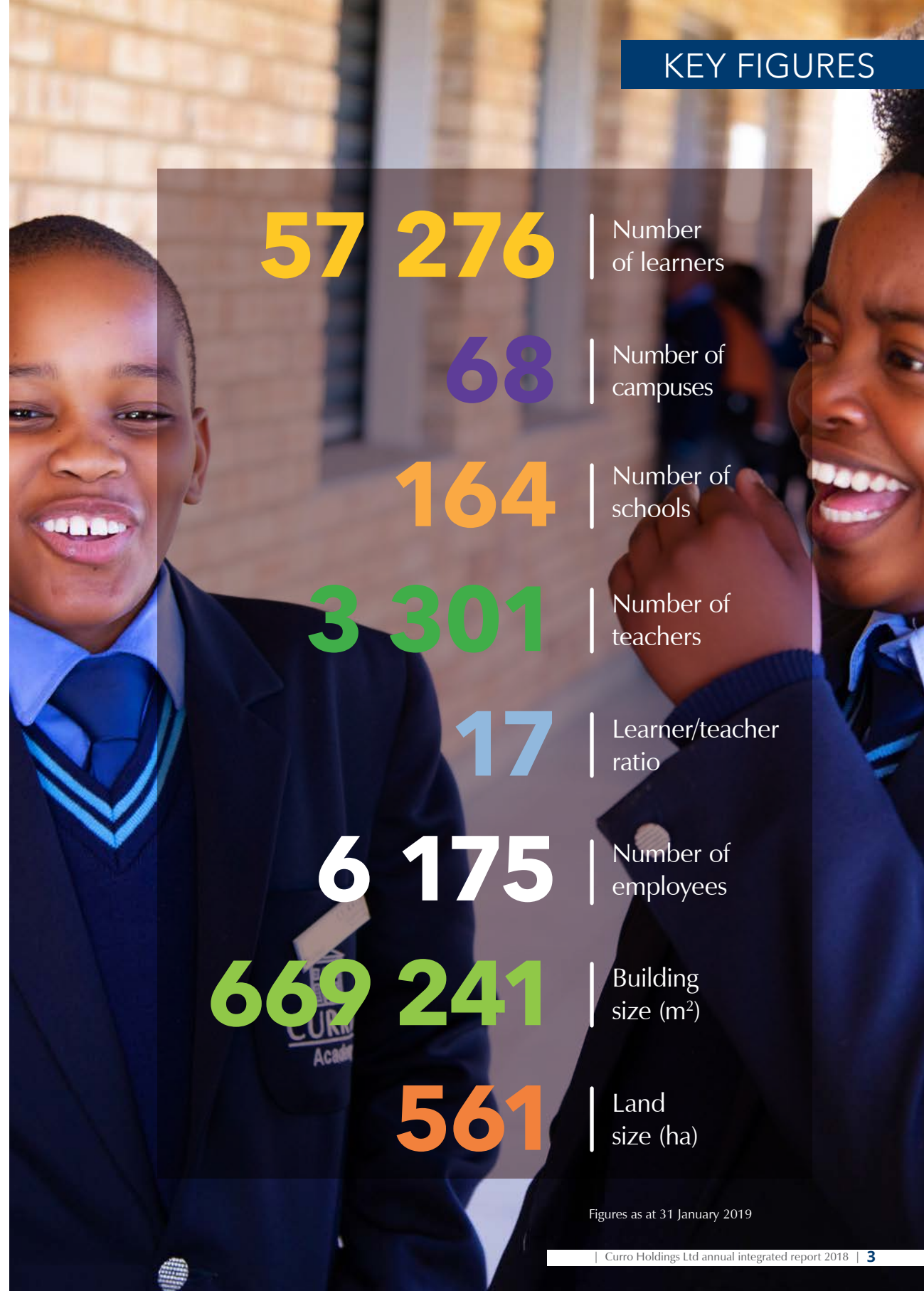


#Learners2Leaders

CURRO

Contents

- KEY FIGURES 3
- 1. ABOUT THIS REPORT 4
- 2. ORGANISATIONAL OVERVIEW 6
 - 2.1 General 6
 - 2.2 Geographic footprint by campus 16
 - 2.3 Key statistics 18
 - 2.4 Group financial performance review 20
 - 2.5 Group highlights 2018 22
 - 2.6 Curro's investment case 26
 - 2.7 Shareholder statistics 28
 - 2.8 The capitals 30
 - 2.9 Stakeholder engagement 34
- 3. ACCOUNTABILITY 38
 - 3.1 Board of directors 38
 - 3.2 Chairperson's report 42
 - 3.3 Chief executive officer's report 44
 - 3.4 Strategic review and operating context 46
 - 3.5 Financial review 50
 - 3.6 Risk management review 60
 - 3.7 Corporate governance 64
 - 3.8 Remuneration reports 72
- ANNUAL FINANCIAL STATEMENTS 86
- NOTICE OF ANNUAL GENERAL MEETING 168
- FORM OF PROXY 177
- ANNEXURE A - A BRIEF HISTORY 180
- GLOSSARY 182
- GENERAL INFORMATION 183



57 276 | Number of learners

68 | Number of campuses

164 | Number of schools

3 301 | Number of teachers

17 | Learner/teacher ratio

6 175 | Number of employees

669 241 | Building size (m²)

561 | Land size (ha)

Figures as at 31 January 2019

Introduction

This is the 2018 annual integrated report (the report) of Curro Holdings Ltd ('Curro'), which is published for the year ended 31 December 2018 and presents an overview of the strategy, activities, practices, progress, financial and non-financial information of the company.

The report covers relevant aspects of all the operations of Curro. There has been no significant change in the scope and boundary of this report relative to previous years. Each year a wider range of information is provided in order to assist shareholders and stakeholders to have a better understanding of Curro.

There has been no material restatement of information provided in earlier reports.

The information in this report has been selected to cater for the interests of stakeholders who require a broad overview of the present and future direction and prospects of Curro. Stakeholders include shareholders, funders, regulators, current and prospective employees, suppliers and community members. Stakeholders requiring more in-depth information are invited to contact Curro directly or to visit its website, www.curro.co.za, for further details.

The report forms part of, and should be read in conjunction with other reports available online on the Curro website.

Frameworks and assurance

The reporting principles that have been applied in this report were guided by International Financial Reporting Standards ('IFRS'), the requirements of the King IV Report on Corporate Governance™ for South Africa, 2016 ('King

IV') guidelines of the International Framework for Integrated Reporting, and aspects of the Global Reporting Initiative's sustainability reporting guidelines. The report also conforms to the statutory and reporting requirements of the Companies Act of South Africa, as amended ('Companies Act') and the Listings Requirements of the JSE Limited.

The board of directors is responsible for this report and they have apprised themselves of the materiality, accuracy and balance of disclosures in this report. In addition, external assurance for aspects of the reporting process was sought from a variety of sources. For more information, please contact Bernardt van der Linde, chief financial officer ('CFO') on +27 21 979 1204.

Approval of the 2018 annual integrated report

The board of directors of Curro acknowledges its responsibility to ensure the integrity of this report, and believes it addresses the material issues of the business and is a fair representation of the integrated performance of the group. The board has therefore approved the 2018 annual integrated report for publication.

On behalf of the board



SL Botha
Chairperson of the Board



AJF Greyling
Chief Executive Officer



Curro believes that quality education is the cornerstone in the development of quality leaders and responsible citizens.



Profile of Curro Holdings Ltd

Curro, a JSE-listed organisation, is an independent group of schools offering relevant, quality learning and teaching to learners from the early childhood development phase to Grade 12.

It was established in 1998 with the vision of making independent school education accessible to more learners throughout southern Africa, and does this by developing, acquiring and managing independent schools in South Africa as well as in other targeted markets in the rest of the continent.

Along with offering an innovative and relevant curriculum, it also offers an environment that is ethical, balanced, values-based and learner-centric.

Curro continues to believe that quality education is the cornerstone in the development of quality leaders and responsible citizens – citizens who will have a positive impact on the economy, environment and society.

As at January 2019, Curro is located across 68 campuses (164 schools). It has 57 276 learners and 6 175 employees, of which 3 301 are teachers.

In 2019 it extended its product offering from six school models to eight, widening access to quality independent school education.

Key highlights of Curro's journey since inception can be found on pages 14 and 15 of this report.

Curro offers a variety of ancillary services that vary between schools and include boarding, aftercare, cafeterias, school transport and activity centres.

School models

Curro's eight school models include Curro Castles (nursery schools), Curro schools, Curro Academy schools, Meridian schools, Curro Select schools, DigiEd schools and Curro private colleges, and a school for learners with special educational needs ('LSEN').

ORGANISATIONAL OVERVIEW

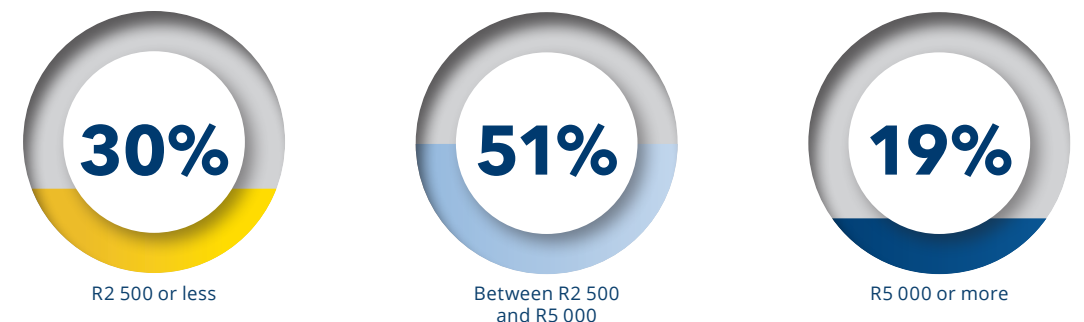
2.1 General

Product offerings are summarised as follows:

School brand	Maximum class size	Average monthly school fees	Product offering
Curro Castles	Class size is dependent on the age groups of the children, however a maximum of 25 children per class is pre-scribed	R3 900	Curro Castles are nursery schools that offer preschool children a Curro-specific, carefully designed and unique curriculum with the Early Learning and Development Area (ELDA) in mind. Free-standing Castles accommodate learners from age three months (Group 1) to Grade R, and Castles that form part of a full campus accommodate children from three months (Group 1) to five years old (Group 5). Some of these nursery schools have facilities that can accommodate up to 300 children.
Curro schools	25 learners	R4 600	Curro schools accommodate learners from age three months (Group 1) to Grade 12. They are co-ed and some schools are parallel medium (Afrikaans and English) from Group 4 to Grade 9, and dual medium from Grade 10 to Grade 12. At the end of Grade 12 the Independent Examinations Board ('IEB') examination is written. Curro independent schools offer an enriched curriculum for academic excellence, with balanced sports and cultural activities. These schools have excellent facilities and offer all the extramural activities one would expect to find at an independent school.
Curro Academy schools	35 learners	R1 900 to R2 900	Curro Academy schools accommodate learners from age six years (Grade RR) to Grade 12, and some Academy schools also include a Curro Castle that accommodates preschoolers. With a maximum class size of 35 learners, Academy schools are co-ed, single medium (English), and write the National Senior Certificate ('NSC') examination at the end of Grade 12. This cost-sensitive model ensures the lowest possible school fees without compromising academic standards and the excellent Curro curriculum. Focused sports and cultural activities are offered.
Meridian schools	35 learners	R1 900 to R2 900	Meridian schools accommodate learners from age five years (Grade RR) to Grade 12, and one Meridian school also includes a nursery school that accommodates preschoolers. With a maximum class size of 35 learners, Meridian schools are co-ed, single medium (English), and write the NSC examination at the end of Grade 12. This cost-sensitive model ensures the lowest possible school fees without compromising academic standards and the excellent Curro curriculum. Focused sports and cultural activities are offered. Meridian schools are managed by Curro Holdings as part of a joint venture with Old Mutual and the Public Investment Corporation.
Curro Select schools	25 learners	R4 600 to R8 650	Curro Select schools are schools that have been acquired by Curro Holdings and offer superior facilities and a rich heritage. Although owned by Curro Holdings, these schools retain their original well-established identities and ethos. Select schools accommodate learners from age three months to Grade 12, at the end of which the IEB examination is written. The medium of instruction and learning is English, producing sound academic and extramural results.

School brand	Maximum class size	Average monthly school fees	Product offering
LSEN	Small, focused classes	R3 900	Curro's LSEN school provides high-quality academic intervention for learners from Grade 1 to Grade 12, at the end of which the NSC examination is written. The CAPS-aligned curriculum follows the same syllabus as that used in mainstream schools. Teaching styles and classes are structured and adapted to suit the individual needs of learners, assisting them to develop and grow holistically. The school focuses on the specialised education of each learner and strives to prepare them for a successful academic outcome, while encouraging each individual to attain their personal goals.
DigiEd	Mostly class independent	R1 900	Curro's DigiEd school provides a progressive, technologically advanced and innovative education for learners from Grade 8 in 2019. Higher grades will be phased in annually. Making use of its modern and technology-rich learning space, learners write their NSC examination at the end of Grade 12. With the aid of leading international e-learning tools, the curriculum is enhanced with a project-based deep-learning programme that has an emphasis on Science, Mathematics and Technology.
Curro Private Colleges	Class dependent	R3 000 – R4 500	Curro private colleges offer extended opportunities to learners from Grade 10 in 2019 who write the National Certificate Vocational ('NCV') examination at the end of Grade 12. Higher grades will be phased in annually. The NCV is a high-standard, skills-focused qualification where learners complete an NCV Level 2, 3 and 4. This qualification allows learners with a Grade 9 pass to focus their studies in the areas of Information Technology and Computer Sciences, or Finance, Economics and Accounting. The NCV is a valuable qualification that not only equips learners with the knowledge required in their area of specialisation, but also provides them with valuable skills and workplace experience.

In support of its vision to provide affordable, quality, independent education to as many learners as possible, and being cognisant of the economic challenges that face the population, Curro's proportion of learners per school-fee bracket (average monthly school fees) is as follows:



2.1 General

Curro's ethos and values

Four key principles inform Curro's value system.

They are:

- Child friendliness
- Positive discipline
- Christian ethos (ethics and morals)
- Creative thinking

Through these principles Curro creates a balanced educational space in which a learner can learn and grow, as encompassed in the name of the group, 'Curro', which in Latin means 'I run'. It can be interpreted as follows: 'I learn at my own learning pace and according to my own aptitude, attitude and talents'.

These principles form the foundation of Curro's ethical standards, which are included in the group's code of ethics, codes of conduct, good citizenship and related policies.

Curriculum approach

Curro's schools apply an innovative teaching and learning methodology in their classrooms, including an active involvement of technology. Curro considers the written curriculum to be the mainstay of its offering. Successful learning takes place when the taught curriculum aligns with the intentions of the written curriculum.

Curriculum strategy is an important topic at the Curro strategy board meetings. At these meetings the enhancements to Curro's academic offering are regularly reviewed and progress on strategic initiatives is monitored.

The Castles follow Curro's preschool curriculum, which was developed in-house. This assists in developing a child's physical, social and emotional well-being, while also providing a practical framework for both adult-facilitated and self-directed learning, laying the foundation before the child goes to primary school.

During 2018 the following developments in the curriculum were implemented:

- The successful introduction of project-based learning initiatives at primary and high school level. This culminated in the successful introduction of a science, technology, engineering, arts, maths and design ('STEAM(D)') exhibition.
- The successful development and implementation of the new DigiEd academic model, as well as the Curro private colleges model. The latter includes the further development of academic streams for technical vocational education and learning.
- The launch of an internal Curro eisteddfod to optimise its performing arts offering.

The continuous development and training of Curro's teachers remain a key strategic focus area. Teachers of all Castles and primary schools receive training during every school term. Professional learning communities, facilitated by subject experts, exist for high schools.

Refer to page 18 for statistics on the growth in the enrolment numbers of learners.

For details on how mature schools compare to developing schools, refer to page 52 of this report.



Curro's schools apply an innovative teaching and learning methodology in the classroom.

ORGANISATIONAL OVERVIEW

2.1 General

Academic performance

Curro endeavours to create an environment that supports the development of learners into well-rounded citizens who should serve within all levels of society. They should be able to serve companies, institutions and industries with relevant skill sets, acquired at school level, and subsequently at tertiary-education institutions or the like. Curro welcomes qualifying learners who enrol at its schools or schools managed by it. Curro accommodates slow, medium and fast-qualifying learners, as it acknowledges that individuals self-actualise at different phases of their lives.

Curro continues to be proud of the excellent Grade 12 pass rate achieved for the past 19 years. In 2018, a total of 2 072 (2017: 1 968) learners wrote the Grade 12 examinations (IEB or NSC, as relevant). A good performance was achieved with 2 003 (2017: 1 900) learners who passed. This is a 97% (2017: 97%; 2016: 96%) pass rate.

2018 marked an exceptional year for Curro's IEB schools, with an overall pass rate of 99.7% for its Grade 12 learners. The results revealed an increase in the number of learners with university exemption, growing from 85.1% to 88.1%. The number of A candidates improved from 9.8% to 11.5%, and candidates with an average C or above rose from 70.3% to 73.2%.

The Grade 12 pass rate for all Curro Holdings' NSC schools in 2018 was 92.6%. Complementing this was an increase in the number of learners with university exemption from 42.0% to 52.1%, while the number of A candidates doubled from 1.1% to 2.2%.

Refer to the tables below for more details on academic performance in 2018, including statistics on university and diploma exemptions and the percentage of learners who achieved distinctions and an average of more than 60%.

Academic results



	Number of learners	Pass rate	University exemption	Learners with an A aggregate	Average > 60%
2018	1 196	99.7%	88.1%	11.5%	73.2%
2017	1 144	99.7%	85.1%	9.8%	70.3%
2016	877	99.4%	83.6%	8.9%	69.8%

IEB: Independent Examinations Board



*Meridian and Curro Academy schools



	Number of learners	Pass rate	University or diploma exemption	Learners with an A aggregate	Average > 60%
2018	876	92.6%	81.1%	2.2%	31.7%
2017	824	92.1%	79.0%	1.1%	29.9%
2016	773	93.0%	79.2%	1.3%	29.6%

NSC: National Senior Certificate

Results exclude those of Windhoek Gymnasium, which follows the Cambridge International Curriculum. All 126 matriculants at Windhoek Gymnasium passed, achieving a 100% pass rate.



#Learners2Leaders: Curro Bloemfontein – Class of 2018

ORGANISATIONAL OVERVIEW

2.1 General

1998

Curro is founded with **28** learners in the vestry of a church

1999

Construction of the first campus in Durbanville (Curro Durbanville) commences

2006

Curro has approximately **900** learners

2007

Curro Langebaan campus opens
Curro has approximately 1 000 learners

2008

Opening of the third campus in Hazeldean, Pretoria (Curro Hazeldean)
Curro has more than **1 600** learners

2013

Curro acquires Northern Academy and Embury Institute for Teacher Education (Pty) Ltd
Adopts '80@20' growth strategy, i.e. 80 campuses will be developed by the end of 2020
Curro has 26 campuses with 21 027 learners
Commences with Meridian schools
Raises R606 million through a rights offer
Lists a domestic medium-term note programme on the JSE
Curro develops five new campuses
Market capitalisation exceeds R8 billion

2012

Curro has 19 campuses, with approximately **12 000** learners
Raises R476 million through a rights offer
Moves to the Main Board of the JSE
Market capitalisation exceeds R4 billion

2011

Curro has 12 campuses, with approximately 5 500 learners
In June, Curro lists on the Alternative Exchange (AltX) of the JSE, with a market capitalisation of approximately R400 million
Curro raises R318 million through a rights offer

JSE

2010

Curro has five campuses, with approximately **3 000** learners
Curro adopts a strategic growth plan to have 40 campuses by 2020
Paladin Capital acquires another 25% stake in Curro

2009

Curro has approximately 2 000 learners
Paladin Capital, a subsidiary of the PSG Group, acquires a 50% stake in Curro for R50 million

PSG GROUP LIMITED

2014

Adds 10 new campuses, of which eight are constructed and two acquired
Develops existing schools further to the value of approximately R500 million
Reports an annual revenue of **R1 billion** for the first time
Rights offer of R600 million takes place during June
Curro ends the year with 32 campuses and 28 737 learners

2015

Curro starts the year with 42 campuses (101 schools) and 35 970 learners
Curro Academy schools are launched
Invests R1 billion in growth and expansion projects
Develops five new campuses
Raises R740 million through a rights offer

2016

Curro ends the year with 49 campuses (115 schools) and 43 183 learners
Acquires Windhoek Gymnasium in Namibia, Building Blocks schools and St Conrad's College
Invests R1.7 billion in growth and expansion projects

2017

Reports an annual revenue of R2 billion for the first time
The institute for higher education division, Stadio, lists on the JSE and unbundles to shareholders
Curro invests R324 million in the construction of five new campuses and R652 million in expansion projects for existing campuses. Ends the year with **45 870** learners and 51 campuses (127 schools)

2018

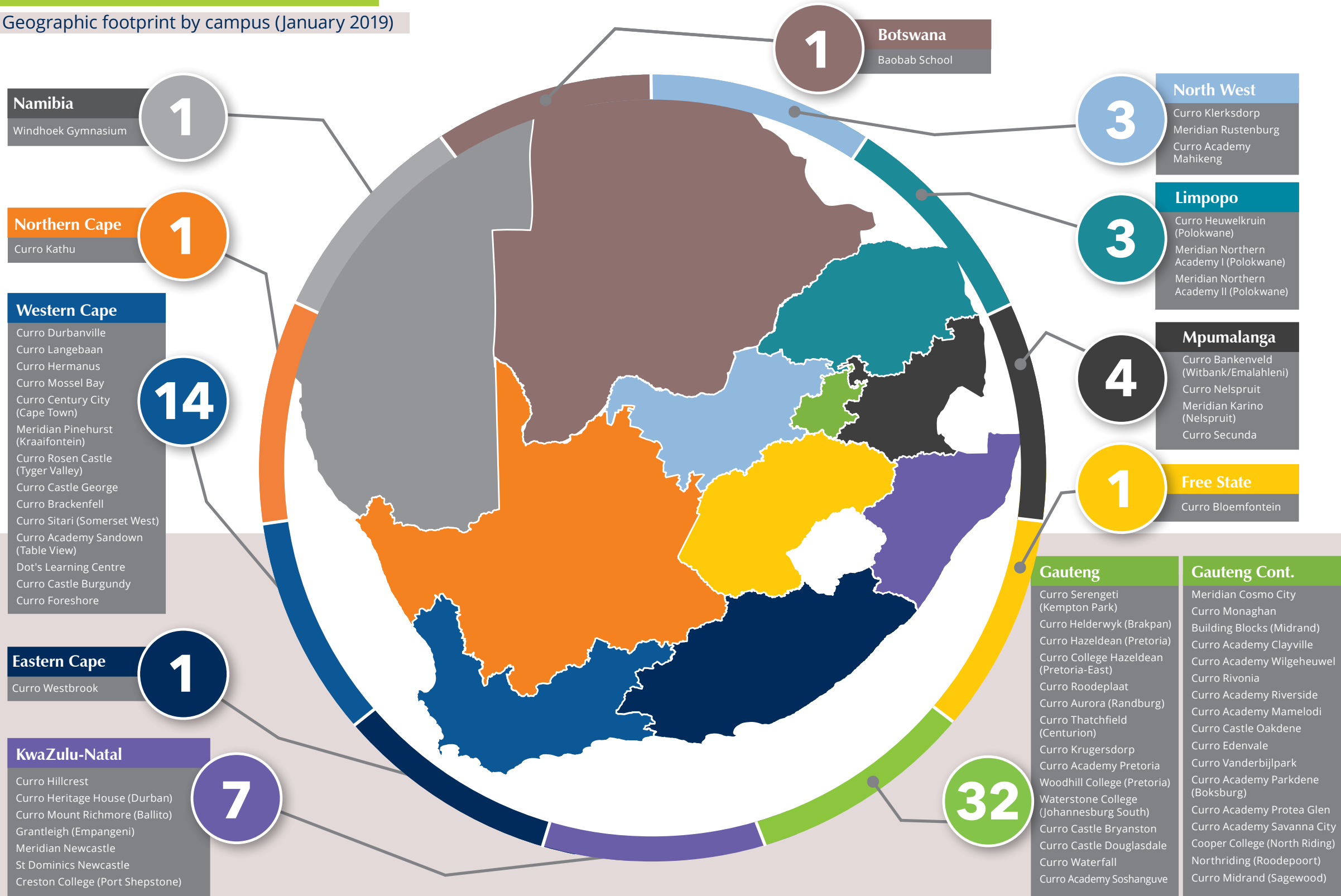
This year sees the expansion into Botswana with the acquisition of Baobab School, a leading primary school with a 27-year history
It also acquired Cooper College and Dot's Learning Centre (LSEN), and invested R1.4 billion in the construction of six new campuses, expansion projects and land-banking opportunities

2019

2019 sees the launch of two new school models, DigiEd and Curro private colleges, expanding the education offering to eight models. Curro starts the year with **57 276** learners on 68 campuses (164 schools), which includes the acquisition of Creston College (KwaZulu-Natal) and Sagewood School (Gauteng). Curro also announces its maiden dividend.

ORGANISATIONAL OVERVIEW

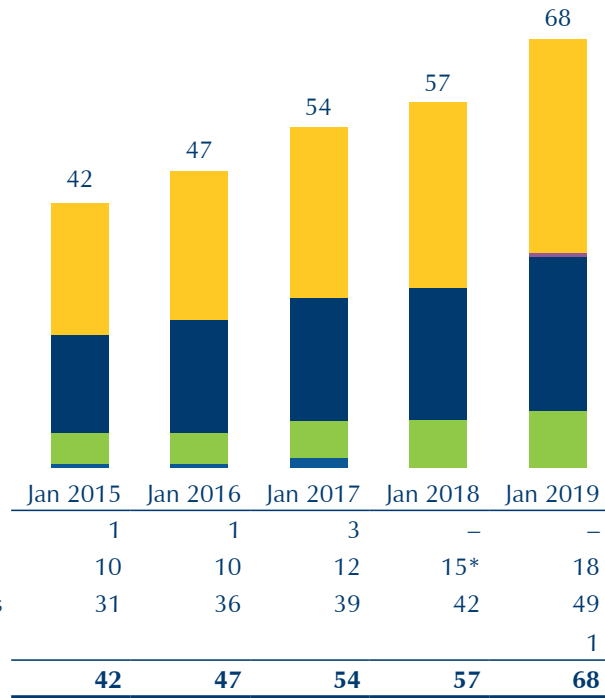
2.2 Geographic footprint by campus (January 2019)



ORGANISATIONAL OVERVIEW

2.3 Key statistics

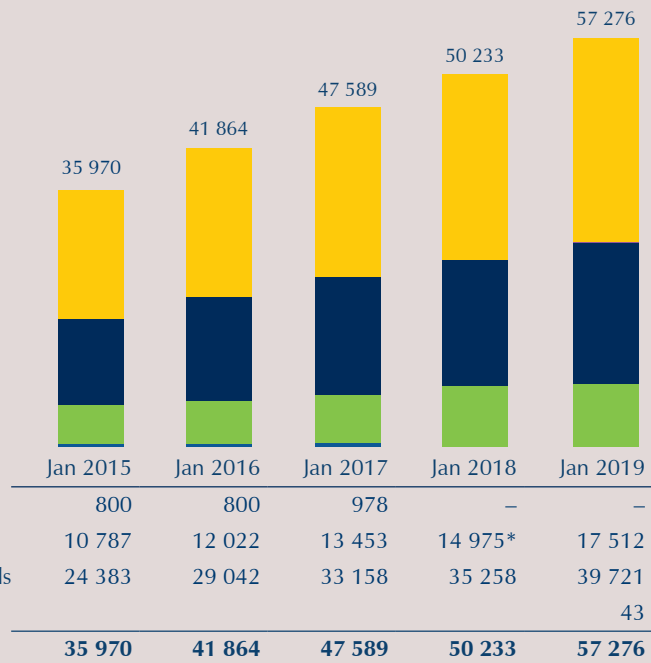
Number of campuses



- Institute for higher education
- Meridian and Curro Academy schools
- Curro, Curro Castles and Curro Select schools
- DigiEd schools
- **Total**

*Academy 1 and 2 excluded in prior year

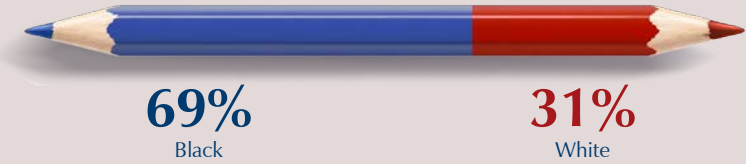
Number of learners



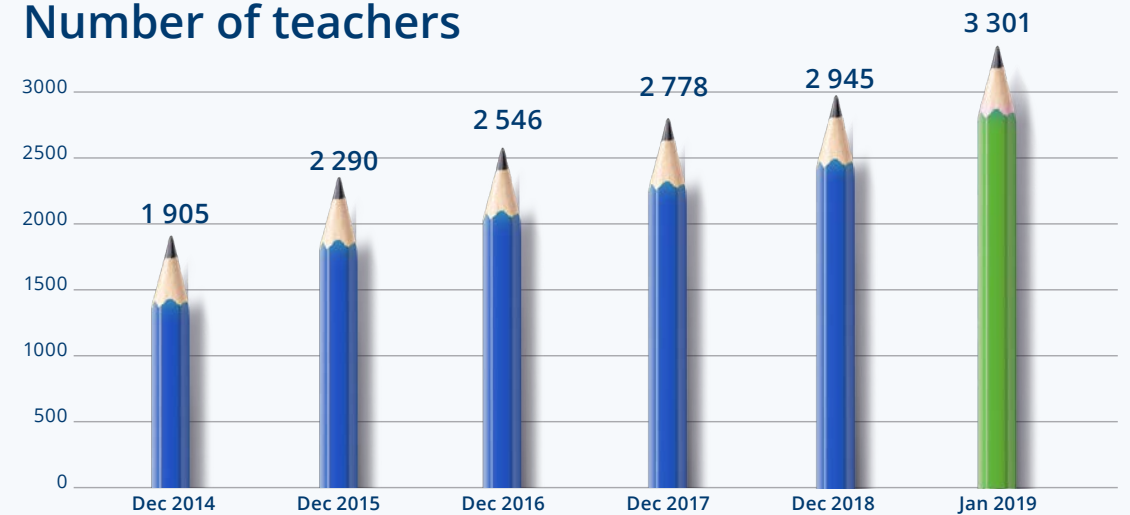
- Institute for higher education
- Meridian and Curro Academy schools
- Curro, Curro Castles and Curro Select schools
- DigiEd
- **Total**

*Academy 1 and 2 excluded in prior year

Learner demographics - 2018



Number of teachers



ORGANISATIONAL OVERVIEW

2.4 Group financial performance review

Key performance indicators for the years ended 31 December

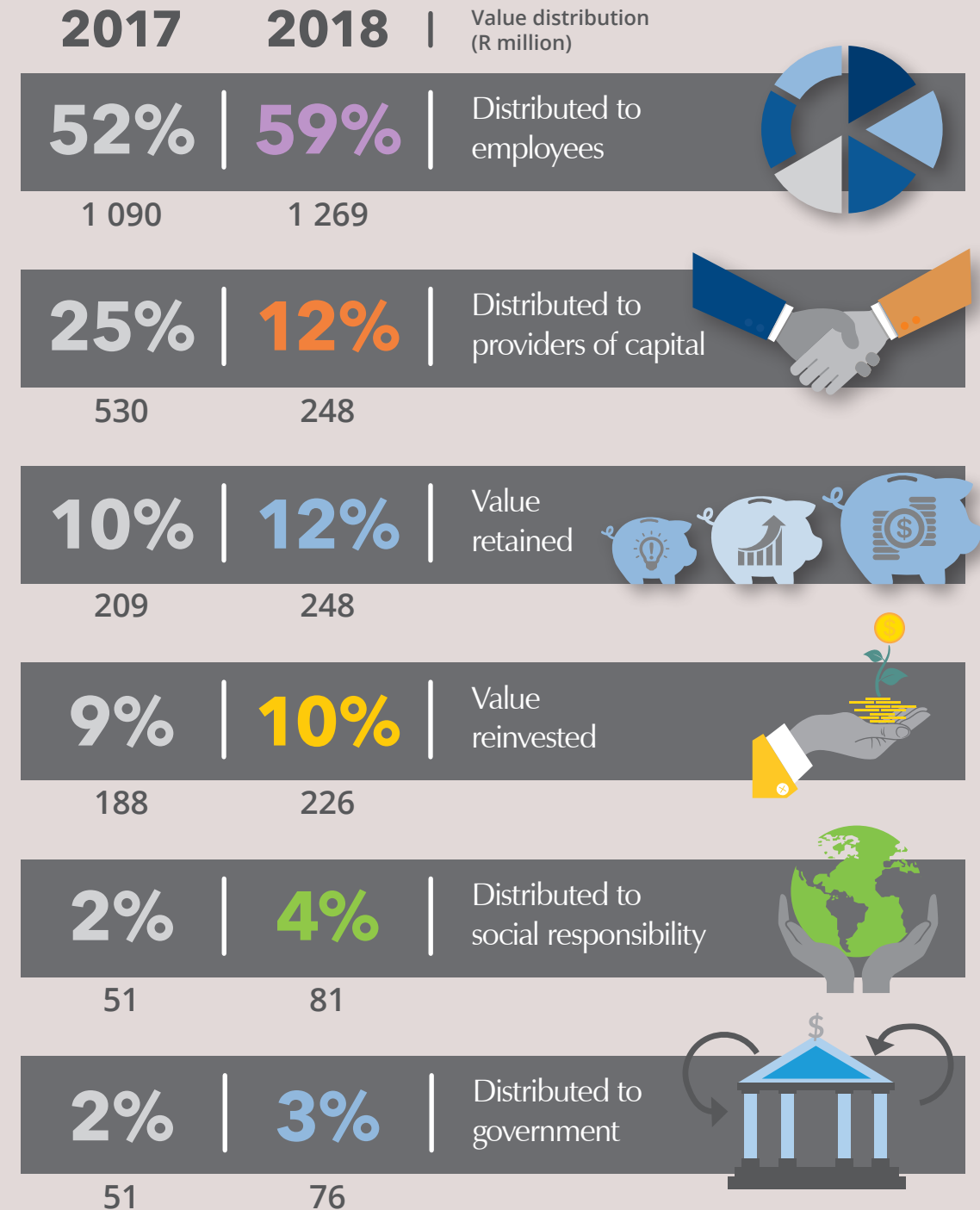
	2013	2014	2015	2016	2017	YOY growth	2018	CAGR
Profitability								
Revenue (R million)	659	1 001	1 384	1 714	2 098	19%	2 496	31%
Employee costs (R million)	386	550	738	936	1 090	16%	1 269	27%
EBITDA (R million)	114	191	292	377	472	33%	627	41%
Profit attributable to ordinary shareholders (R million)	37	55	98	172	209	19%	248	46%
Headline earnings per share (cents)	12.8	17.2	28.3	43.9	48.1	25%	60.1	36%
EBITDA margin	17%	19%	21%	22%	23%		25%	
Statement of financial position								
Total assets (R million)	2 634	4 073	5 079	7 321	8 085	13%	9 165	28%
Interest-bearing liabilities (R million)	817	1 399	1 583	1 624	2 342	22%	2 853	28%
Equity (R million)	1 563	2 211	3 081	4 964	4 996	6%	5 272	28%
Net asset value per share (cents)	529	679	865	1 222	1 213	5%	1 277	19%
Capital investment (R million)								
Current campuses	602	651	626	571	652		590	
New campuses	242	482	369	649	472		534	
Acquisitions	171	172	15	266	12		369	
Stadio	61	0	20	214	56		(120)	
Total capital investment	1 076	1 305	1 030	1 700	1 192		1 373	



#Learners2Leaders: Meridian Rustenburg

VALUE ADDED

Curro continues to provide value to stakeholders, balancing its strategies towards social responsibility, sustainability and responsible citizenship, as can be seen in the value distribution statistics below.



ORGANISATIONAL OVERVIEW

2.5 Group highlights 2018

Curriculum

- Matric results with both IEB and NSC examinations continued to improve.
- Deep learning was rolled out and individualised learning commenced in the intermediate phase.
- Project-based learning (PBL) was incorporated in the intermediate phase and Grade 7 for the first time – Natural Sciences, Life Skills, Social Sciences and Arts and Culture.
- Four STEAM(D) events were held.
- Standardised tests and examinations were written.
- The development of coding/Robotics roll-out continued.

Business development

- Six new school campuses were constructed and the academic year opened with impressive enrolment numbers.
- Two schools were acquired.
- The first LSEN school was acquired.
- The development of the first DigiEd school and the first NCV college finalised; schools opened in 2019.

Business and financial management

- A learner retention strategy was developed.
- A financial contact centre and financial assistance were implemented.
- A customer service call centre and customer assistance were implemented.
- Meridian recapitalisation – operational concerns were addressed.
- Curro's technology utilisation grew to one of the largest technology networks in South Africa.
- The implementation of the first-year information technology ('IT') skills development programme for ex-Curro

learners was implemented successfully and is now a fully fledged three-year programme within the group.

Human resources

- Employment equity and transformation:
 - EE for teachers, senior management and interns – 33%.
 - EE for all staff achieved – 44%.
- Roll-out of the following fringe benefits/stable working environment:
 - Dread disease cover
 - Medical aid benefit
 - 2% provident fund contribution
 - Introduction of retention bonuses (WIP)
- School-specific staff wellness initiatives were held during the year.
- Shifts in school leadership have seen an improvement in individual performance.
- Considerable progress has been made regarding the roles and effectiveness of the parent advisory committees ('PAC').
- Management teams at various schools were developed and mentored, along with the training and development opportunities that were provided.

Sports and culture

- In 2018 we continued to build our sports and culture capabilities within our schools.
- Curro learners excelled in various sports codes on an international, national and local level.
- Curro Create was established in an effort to strengthen the performing arts capability within our schools. One of the projects launched included the first internal eisteddfod and a showcase to celebrate Curro's 20th birthday.

Community outreach

Community outreach continues to be a large component of the planning at each Curro school, and 2018 was no exception. Each year, Curro schools contribute an increasing amount of time and energy, giving selflessly for the benefit of others who need assistance.

During 2018, Curro schools participated in a large number of community outreach projects. These included, but were not limited to:

- Cupcakes for CANSA
- Celebrating world cleanup day by building sculptures out of recycled materials
- Spending time in painting and cleaning up communities
- Spending time with the aged
- Collecting and distributing food, clothing and other essential items to various institutions and communities in need
- Celebrating Nelson Mandela Day by giving their time and donations at various events, including a number of street stores
- Santa Shoebox Project
- Many collection and donations to various animal welfare organisations in South Africa



Academy Soshanguve - Mandela Day collections for the needy



Meridian Pinehurst - Lenten food drive



Meridian Rustenburg - Pack-a-sack for the hospice



Curro Sitari - Mandela Day sandwich drive



Curro Thatchfield - A collection of shoes for Barefoot Day



Curro Waterfall - Animal food and blanket drive



Curro Mount Richmore - Santa Shoebox



Curro Secunda - Stationery for a school in need



#Learners2Leaders: Curro Klerksdorp



The Ruta Sechaba Foundation, a public benefit organisation, provides scholarships, bursaries and awards to qualifying learners at Curro and Curro-managed schools. The PSG Group BEE Education Trust was the initial donor to the foundation.

At the end of 2018, the Ruta Sechaba Foundation had just over 260 learners on academic and sports scholarships. More than 1 400 applications were received for the 2019 academic year, and just over 400 scholarships were awarded. In order to ensure that as many qualifying learners as possible could be accommodated, Curro Holdings granted bursaries to learners through individual schools' bursary schemes.

The foundation is appropriately governed through its trust deed by the independent trustees appointed.

A total of 27 Ruta Sechaba beneficiaries completed matric with a bachelor's degree pass (university exemption) in 2018. Of these learners, the top seven performers achieved 41 distinctions between them. Karishma George achieved seven distinctions with an average of 93%, Present Rikhotso attained a 94% average with seven distinctions, and Lebea Satheke obtained seven distinctions and a 91% average.

The other Ruta Sechaba beneficiaries who wrote the Grade 12 examination in 2018 achieved at least a C average.

The Titans programme, aimed at the development of cricket players in association with the Northern Titans Cricket Franchise, had 16 learners attending Curro Roodeplaat and Curro Hazeldean.

The total funding for 2019 is R15 million with the main donor being PSG (PSG Group BEE Education Trust) contributing R12m.

Applications for the 2020 Ruta Sechaba scholarships opened on 2 April 2019 and will close on 31 May 2019.

2.6 Curro's investment case

Why invest in Curro?

Strong demand and potential for the product

Curro believes that the purpose of education is to empower all learners and staff to achieve their full potential as individuals and members of society.

The public sector in South Africa has a significant backlog in the provision of schooling. New government schools are required in rural and under-developed areas, where parents don't have the ability to pay school fees. As it is unlikely that the private sector will get involved in these areas, this is where the greatest need exists. Newly developed middle- and upper-income residential areas seldom receive a new government school. Consequently, this huge demand puts significant pressure on capacity at existing schools in the latter areas, with no learner being denied access unless numbers have reached the 40 learners per class cap.

Curro believes the above-mentioned challenges provide positive dynamics for the independent school sector to grow significantly.

Market information	Number of learners (million)	As % of total
Total number of learners in South Africa ¹	12.9	-
Global average number of learners in independent schools	1.7 ¹	13%
Number of learners who can afford some form of independent schooling	1.5 ²	10%–14%
Number of learners in independent schools in South Africa	0.4 ³	
A possible additional market potential (midpoint)	1.1	
Required number of schools at an average of 1 500 learners per school	733	12%

References

- ¹ UNESCO
- ² Number of learners who can afford some form of independent schooling
- Number of taxpayers earning > R350 000 per annum (88% between ages 25 and 55 years) – 1.3m (Ref: SARS)
- Number of medical aid beneficiaries aged 5 to 18 years – 1.8m (Ref: JP Morgan)
- ³ Department of Basic education (www.education.gov.za)

Curro estimates, on the basis of the facts above, that there is potential for an additional 1.1 million learners to attend independent schools, implying that up to 733 new independent school campuses of 1 500 learners each may need to be established. This does not take into account future population and economic growth.

Curro's aim is to have 80 campuses or 200 schools as it moves into 2021 – a growth of an additional 12 campuses from the

existing 68 campuses. It will also provide ample opportunities to develop an average of five additional campuses per year for the foreseeable future. Despite the substantial growth envisioned, Curro's market share will still represent only approximately 3.3% of the total current market.

Competitive advantages

Curro has developed significant competitive advantages, with the most notable being:

- The development of a trusted brand with a track record of academic excellence since 1998.
- Models for independent schooling at the different price points.
- Efficient campus design, development and funding methodology.
- A maturing portfolio of schools, with the majority being cash generative. The start-up phase of a new school requires substantial financing given the high fixed-cost component, and it may take up to five years to generate free cash flow.
- Learners are usually loyal to the schools they attend.

Other advantages that will benefit the business in the future are:

- Accreditation with Umalusi and registration with the Department of Education, which indicate Curro is a recognised entity that is trusted by the regulatory stakeholders.
- Development of curriculum support materials that are used in all its schools.

Strong predictability in the business model, a high proportion of annuity income and high cash generation

- A school is a very predictable business. Once enrolled, a large proportion of learners will attend the same school throughout their school career.
- Schools are very cash generative, with a predominance of annuity income. School fees are paid annually or monthly. Curro's bad debts are carefully managed and are low compared to market norms at approximately 0.8% of revenue.
- Costs are mainly fixed and predictable for a year and future years, with salaries comprising 69% of expenses.
- Schools are operationally geared, therefore the majority of costs are fixed or semi-fixed, which means that with each additional learner a larger proportion of revenue will impact profit.

Curro is the market leader

- As at January 2019, Curro had 57 276 learners – approximately 50% more learners than the second-biggest domestic for-profit independent school group.
- Globally, Curro is among the 10 largest for-profit school groups based on learner numbers.
- Curro has invested more than R9 billion in facilities over the past six years.

- Curro's potential market increases as a result of its range of products across different price categories.
- Curro provides independent schooling for as low as R1 900 per month, which compares very favourably with former model C government schools.
- More than 80% of Curro's learners pay on average less than R5 000 per month for schooling, with 30% paying less than R2 500 per month.

Significant skills and experience

- Curro has a specialist and experienced management team with a proven track record of value creation.
- Curro's in-house design and project management team has, over the years, developed a standard costing approach that is at least 20% lower than that of comparable

- projects. This enables Curro to charge lower school fees and generate similar returns on investment.
- Curro invests significant resources in developing 21st-century teaching methodologies that adapt to the way children learn in our society today.

Geared for growth

- Curro currently utilises 53% of eventual capacity, implying a revenue growth potential of 88% (based on 90% of eventual capacity filled), with very limited requirements for additional capital investment or increased operational expenses.
- Curro has a strong, supportive shareholder of reference and shareholders and funders who are supportive of its growth aspirations.

Curro believes that the purpose of education is to **empower all learners and staff** to achieve their full potential as individuals and members of society.



#Learners2Leaders: Curro Thatchfield

ORGANISATIONAL OVERVIEW

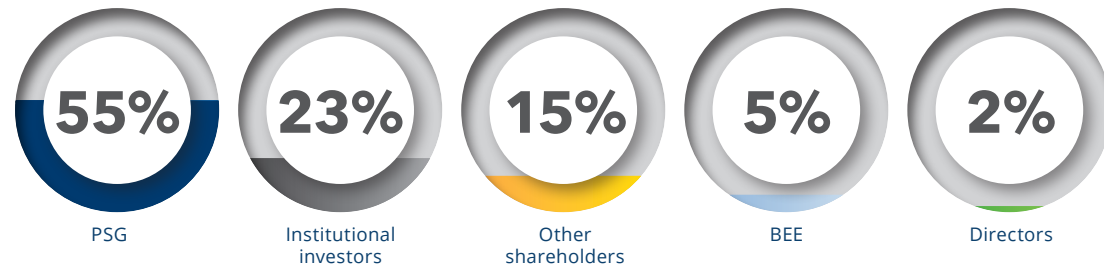
2.7 Shareholder statistics

Share price history

Curro Holding Limited (COH)



Shareholder structure



Listing information

JSE share code	COH
Sector	Consumer services – retail
Subsector	General retailers

Stock exchange performance

For the years ended	2013	2014	2015	2016	2017	2018
Market price - high (cents)	2 955	3 095	5 999	5 800	5 092	4 373
Market price - low (cents)	1 379	2 405	2 715	3 500	3 387	2 251
Market price - close (cents)	2 780	2 900	5 779	5 020	4 240	2 551
Market price - average (cents)	1 902	2 679	3 788	4 339	4 319	3 057
Volume of shares traded (million)	22	26	39	98	107	71
Value of shares traded (R million)	425	709	1 485	4 162	4 523	2 207
Volume/weighted average number of shares (%)	8	8	11	25	26	17
Market capitalisation (R million)	8 195	9 442	20 623	20 439	17 473	10 512
Price-earnings ratio at year-end	216	171	205	114	88	42



#Learners2Leaders: Curro Roodeplaat

2.8 The capitals

Curro has a number of key resources at its disposal with which it creates value for all its stakeholders.

INPUTS AND ACTIVITIES	
Financial capital	<p>Curro's sources of financial capital include shareholder equity, internally generated cash flows and debt. The group uses its financial capital to maintain and improve existing campuses, develop new campuses, develop the curriculum, acquire schools and cover its operating costs. Financial capital is also invested in the continuous training and development of its teachers to ensure that they have the necessary competencies in effective methodologies to engage learners in all domains of learning (21st-century teaching and learning). This allows Curro to grow its resources of productive capital.</p>
Productive/ manufactured capital	<p>Curro's campuses, curriculum and teachers form the heartbeat of its productive capital. The quality and uniqueness of its curriculum are key differentiators for Curro's business and its focus on the ongoing development thereof. Growing its resources of productive capital requires the investment of financial capital.</p>
Human capital	<p>Human capital includes teachers' skills, experience and ability to engage their learners in all domains of learning. Curro's teachers are the primary interface with its learners and parents, and their motivation and competence are key determinants of the group's future success and sustainability. Curro invests financial capital to employ and develop human capital through continuous professional development, providing appropriate remuneration and incentives and keeping its employees safe and healthy by ensuring that its facilities comply with the Occupational Health and Safety Act, No. 85 of 1993, as amended ('OHASA').</p>

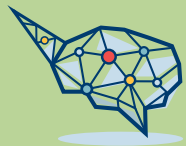
OUTPUTS AND OUTCOMES
<p>Curro has shareholders' equity of R5.2 billion with net debt of R2.8 billion.</p> <p>During the 2018 financial year the group generated cash flow of R388 million through operations, increased its debt funding by R506 million and had R571 million of opening cash. This financial capital was used for:</p> <ul style="list-style-type: none"> • Net finance costs to providers of capital (R138 million). Curro's number of campuses has increased to 68 (Jan 2018: 57), and its number of schools has increased to 164 (Jan 2018: 138). <p>Further information is available in the financial review on pages 50 to 59.</p>
<p>Curro has R8.7 billion of non-current assets. Its replacement and market values are expected to be between R2 billion and R2.5 billion higher respectively.</p> <p>Curro has 68 campuses across southern Africa. These campuses are currently operating at 53% of eventual capacity.</p> <p>In 2018 Curro invested:</p> <ul style="list-style-type: none"> • R596 million in existing campuses. • R534 million in new campuses and land banking. • R371 million in acquisitions. <p>Investment in the development of the curriculum amounted to R28 million.</p> <p>Further information is available in the financial review on pages 50 to 59.</p>
<p>As at 31 January 2019, Curro had 6 175 employees, which included 3 301 teachers. The number of employees has increased by an average of 19% per year since 2013, mainly due to organic and acquisitive growth. The average learner/teacher ratio of 17 contributes to productive capital in the education of Curro's learners. During the 2018 financial year Curro invested R1 290 million in the remuneration of its employees, which included a share incentive scheme to incentivise and retain key employees and management.</p> <p>The Curro Curriculum Management and Delivery ('CCMD') division ensures that Curro's teachers receive continuous training and development. Through Embury's Institute for Higher Education, teachers can continue their tertiary education, which is sponsored by Curro. The investment in human capital has a positive impact on Curro's productive capital and also ensures that Curro nurtures its intellectual capital.</p> <p>The detailed demographics of Curro's employees are contained on page 49 of this report.</p> <p>The remuneration policy and implementation reports are contained on pages 74 to 85.</p>

INPUTS AND ACTIVITIES



Intellectual capital

Curro's intellectual capital includes its brand, its information and technology systems, its curriculum development, its investment in governance structures to ensure that it maintains best-practice corporate governance, and its ability to ensure that its campuses are all aligned with the group's strategic objectives and business model. The company's brand is one of its most valuable assets and Curro relies on its employees to protect and represent the brand. Curro's executive management team collectively has more than 70 years' experience and a significant knowledge base in selecting, developing and managing schools.



Social and relationship capital

The group actively manages the stakeholder relationships on which the business depends, including those with its clients (learners and parents), its business partners, the government and regulators and communities.



Natural capital

Although the impact of Curro's operations on the environment is relatively low, the group continuously focuses on minimising negative effects on the environment.

OUTPUTS AND OUTCOMES

The skills of Curro's management team have allowed the group to take advantage of growth opportunities.

The company's commitment to best-practice corporate governance contributes towards strengthening Curro's brand and reputation.

Curro has an ongoing drive to improve its information and technology systems to support 21st-century teaching and learning and increase the capacity of its corporate systems. Its in-house architect and new-business development team ensure that the facilities stay on par with the latest global design and development trends in order to contribute to the learning environment.

The ongoing development and maturation of IT governance processes have been evident. These processes include:

- The regular use of an IT governance framework.
- Reviewing the IT strategy annually so as to align it to Curro's strategy.
- The ongoing reviewing and consideration of audits (conducted internally through Curro's outsourced internal audit, and externally through its external audit function).
- The routine consideration of IT governance matters on the agendas for the audit and risk committee and board meetings.
- The embedding of appropriate IT governance practices in day-to-day operations.

Each school has an upliftment project(s) relevant to the community in which the school is located, and this project also helps to educate its learners to be responsible corporate citizens. These projects typically involve the learners, parents, employees and, where relevant, the companies that sponsor projects. Curro also contributes financially to these projects.

Parent representation is formalised through PACs at school level. The PAC enables and strengthens communication to the benefit of the school and its learners.

Curro contributed R81 million to corporate social investment and bursaries for the year ended 31 December 2018. The group regularly engages with the members of executive councils (MECs), departments of education and Umalusi to discuss developments in education and suggest ways in which the independent sector can assist the government.

Energy usage

Energy-saving techniques are implemented when a new school is constructed.

Energy-efficient lighting and motion sensors are introduced at all schools. In 2009 Curro decided to use terminals in its computer laboratories and not personal computers or laptops. This contributed to a material reduction in power consumption. Efforts continue to improve electricity consumption.

Water

Landscaping experts are consulted during the design phase of campuses to ensure water-wise gardens and fields.

In addition to the above, environmental impact studies are conducted on new sites during the land-banking process. This ensures that the outcomes thereof are taken into account when a site is evaluated for the construction of a school, and appropriate measures are incorporated during the design phase.

Schools have installed or are in the process of installing a water-measuring device. The information will be used to carry out risk assessments to identify and quantify water-related risks. Water-harvesting and storage facilities are installed or are being installed at our schools. This water will be used for toilet flushing, watering fields/gardens and cleaning.

ORGANISATIONAL OVERVIEW

2.9 Stakeholder engagement

The tables below provide an overview of the stakeholders with whom Curro engages, as well as input into Curro's responses to the most pertinent issues that arise. Curro's sustainability in the long term is significantly impacted by the quality of its relationships with its stakeholders, and therefore the group actively engages with stakeholders, understands their concerns, and addresses these as comprehensively as possible.

Stakeholders

Clients (learners and parents)	Daily engagement takes place between teachers and learners, who are regarded as the primary stakeholders within the group. This is done by utilising various teaching methods and communication programmes, all in line with 21st-century teaching and learning methodologies. In addition, a corporate communication programme exists for parents, which includes updates that are school-specific and directly related to the Curro curriculum. In addition, schools are encouraged to establish PACs. This ensures the maximum engagement between the group and its learners, parents and/or guardians (collectively referred to as Curro's clients).
Regulators	Engagement with regulators takes place within the formalised education management structure. Dedicated Curro staff communicate and engage with the regulators, including the Department of Education, Umalusi (the council for quality assurance in education and training), town councils and municipalities.
Investors and funders	The chief executive officer ('CEO') and CFO engage continuously with investment communities and shareholders. A programme exists in terms of which investors and funders are invited to visit schools on a pre-arranged basis.
Employees	Engagement with this stakeholder group is covered on page 30 of this report under human capital.
Communities	Curro actively engages with and supports the communities in which it operates. This is evidenced by its contribution of R81 million to corporate social investment and bursaries for 2018. The Ruta Sechaba Foundation continues to grow from strength to strength. Refer to page 25 for information on Ruta Sechaba.

Current issues and responses

Areas of interest	Stakeholder	Curro's response
What is Curro's African expansion strategy?	Shareholders and analysts	<p>Potential for expansion in South Africa remains significant given the demand for quality education and Curro's ability to provide said at value-for-money prices. Curro best understands the fundamentals of South Africa from business, economic and cultural perspectives. The primary development focus will therefore be in South Africa.</p> <p>Where Curro believes there are growth opportunities outside the borders of South Africa, these opportunities could be considered. If there are sensible entities that will add value to the business these will be explored. Curro's approach will be centred around attractive multiples, investing capital into the business for expansion, with current/local management retaining a significant stake (25% plus). Acquisitions into the rest of Africa should be operationally easy to manage.</p>

Areas of interest	Stakeholder	Curro's response
Does Curro comply with the prerequisites of the Curriculum Assessment Policy Statements ('CAPS') on teacher/learner ratios and the criteria of sound school governance, leadership and management?	Umalusi	<p>Curro has a close relationship with Umalusi and the concept of excellence in schools is a non-negotiable. Curro strives to attain all its objectives, has its schools accredited with Umalusi and reports to Umalusi about areas that still need to be developed in the group's newly built schools.</p> <p>Umalusi visited a number of Curro's schools in 2018 and no material deficiencies were identified. The following schools obtained accreditation from Umalusi in 2018:</p> <ul style="list-style-type: none"> • Curro Century City • Curro Brackenfell • Curro Mount Richmore • Curro Monaghan • St Dominics Newcastle • Waterstone College • Meridian Rustenburg Primary • Meridian Rustenburg Secondary
Is the general quality of Curro's infrastructure in line with industrial standards?	Municipalities	<p>Curro's professional infrastructure development team meets regularly with the local municipalities to discuss the impact of its development of campuses on the local environment, and mutual planning takes place on a continuous basis.</p> <p>This attitude is reinforced by complying with local authorities' building requirements (including approved building plans) and ensuring that occupancy certificates are in place for all Curro buildings.</p>
What is Curro's policy regarding a suitable debt/equity ratio?	Funders	The group aims for a 50/50 debt/equity ratio.
<p>Complying with key covenants:</p> <ul style="list-style-type: none"> • Interest service coverage ratio of 1.75 times (excluding Meridian debt) • Loan to value ratio of at least 1.3 times 	Funders	<p>As at 31 December 2018:</p> <ul style="list-style-type: none"> • Curro's interest service coverage ratio stood at 3.2 times. • The loan to value ratio was 1.7 times.
Is my child receiving quality education?	Parents	<p>This area of interest should be addressed through the written curriculum that is taught by qualified teachers (accredited with the South African Council for Educators) who are continuously developed through a combination of Embury's Institute for Higher Education and the CCMD division, which is under the strong leadership of experienced teachers.</p> <p>Curro implemented a system of standardised testing throughout its schools to ensure aligned quality in educational delivery and provide it with the opportunity to ensure excellence for all learners under its care.</p> <p>Various other measures, such as Curro's brand, its long-standing track record and its excellent matric results, also support confidence in its quality service offering.</p>

ORGANISATIONAL OVERVIEW

2.9 Stakeholder engagement

Areas of interest	Stakeholder	Curro's response
Are we receiving a written curriculum that is still relevant?	Learners	Curro's CCMD division conducts ongoing research into curriculum innovation. Best practices are communicated to Curro employees regularly and they are trained to implement new written curricula. In 2018 Curro completed the research for the establishment of a new tech-focused schooling model. This model, which was launched in 2019, provides a progressive curriculum focused on Mathematics, Science, Robotics and Coding – essential subjects for learners to operate in the Fourth Industrial Revolution era. Another attempt to ensure relevance is the successful opening of Curro Private College – Rivonia (Gauteng). This educational facility is the first in Curro's stable to offer the NCV as an alternative to the NSC. The school's focus in 2019 is on an NCV programme for Information Technology and Computer Sciences.
What can Curro do to ensure a safe and stable working environment?	Teachers	Curro has good security protocols that endeavour to keep its campuses safe. The group also protects its teachers' rights by means of service contracts, which are regulated by labour law. Furthermore, Curro believes in continuous professional development in order to enhance every employee's chances of getting promoted.
Does Curro's supplier application process provide everyone with a fair chance?	Suppliers	The group utilises four main contractors to build its schools. Every supplier in South Africa and abroad is welcome to approach Curro to be considered for future contracts. A rigorous tender process has been put in place to ensure fairness in contract allocation.
Do all Curro schools comply with the prerequisites of local government?	Departments of education	One may not operate an independent school if it is not registered with the local departments of education. These departments have specific criteria that need to be met and Curro adheres to these criteria. The process of registering an independent school takes time and in many cases the operator must first construct an appropriate building and appoint qualified teachers before the registration process can be concluded.
Is the company committed to transformation?	Government	Curro is committed to employing and developing a skills base that represents the demographic profile of its learner base, of which 69% was black and 31% was white for 2018. The company has an employment equity plan on which it reports annually. Refer to page 49 for employee statistics. The company had a dedicated transformation committee whose work has now been incorporated into the social, ethics and human resources committee. It is now called the social, ethics and transformation committee.
Is Curro JSE compliant?	JSE Limited	Curro's corporate sponsor, PSG Capital, monitors its compliance regularly in order to ensure JSE compliance. In accordance with the Listings Requirements of the JSE, the board submits its annual compliance certificate timeously.
How does Curro protect its organisation from the communication of incorrect facts?	Media	Curro supplies the media with written facts so that any doubt regarding the accuracy of reporting is minimised. Curro has an open relationship with the media and provides updates whenever it communicates financial and academic results.
How does Curro keep its stakeholders informed?	All stakeholder groups	The company believes in the clear, transparent, concise and timely dissemination of relevant information to all stakeholders. The regulatory requirements regarding the dissemination of information are observed. In addition, reputational risks relating to published information regarding the business are managed and continuously reduced to ensure that the image and brand of Curro are protected.

Areas of interest	Stakeholder	Curro's response
What are Curro's policy and principles regarding remuneration?	Shareholders	Curro has provided details regarding its remuneration policy and implementation report on pages 74 to 85.
What will the future development pace of Curro be?	Shareholders and analysts	In the process of achieving its 2013 aim of having 80 campuses in operation by 2021, Curro expanded from 51 campuses at December 2017 to 68 campuses in January 2019, including five acquisitions. It is now placing a priority on integrating these acquisitions. For 2019 it is developing two Curro Academy campuses at The Blyde in Pretoria East and at Mbombela/Nelspruit. A DigiEd campus is also in development at Delft in Cape Town, as is a joint campus with both a DigiEd and a Curro Private College in Midrand. Depending on available sites and economic realities, Curro will judiciously develop between two and seven campuses per year, excluding acquisitions.
Why are our clients coming to us?	Shareholders and analysts	Our clients are looking for quality, balanced education by a recognised brand in a safe and secure environment that is overall convenient at a value-for-money price.
How sustainable are school fee increases?	Shareholders and analysts	Over the long term, school fees will trend towards inflation. Fees are, however, considered individually on a per school and per grade basis, depending on the facilities and investments made, competition and absolute levels of current fees. Curro believes that on average a short- to medium-term margin of 2% between inflation and school-fee increases can be maintained.
Will Curro achieve an acceptable return on capital invested?	Shareholders and analysts	Establishing a school that takes between five and 10 years to reach a utilisation of more than 80% requires a lot of capital investment. At maturity Curro makes an average IRR of between 20% and 25%, or a yield (EBIT on replacement value) of 15% to 20%. Curro expects its return on equity to improve from 5% in 2018 to more than 20% by 2025.
What is Curro's debt structure?	Shareholders and analysts	On a trailing debt/EBITDA ratio, Curro is currently at 4.5 times debt/EBITDA, which seems high if taken as a gross measure. The majority of the debt is, however, incurred at the end of a year to expand campuses for which cash will only be generated in the following year. For 2017, when debt/EBITDA was at 3.9 on a historic basis, it reduced to 2.9 times on a forward-looking basis, taking the EBITDA generated in 2018 on the net debt at the end of 2017. With a predictable business model, learner numbers in January give a fairly accurate indication of cash flows for the year, so that capital investments can be carefully considered for that year. If EBITDA were ever to disappoint significantly, Curro needs to invest only between R30 and R50 million in replacement capex, using the cash-flow generation to reduce debt.
What is the size of the land bank?	Shareholders and analysts	In addition to the four properties to be developed in 2019, Curro has acquired another six properties to the value of R110 million, and is actively acquiring another 15 properties.
What is the status on Meridian?	Shareholders and analysts	Meridian has been affected by a decline in learner numbers at Northern Academy (which represents about 45% of total learner numbers) and slower growth in other rural areas like Meridian Karino and Meridian Newcastle. Overall, the large Meridian debt burden caused the loss making. The R393 million in equity injected by shareholders to pay off more expensive mezzanine and senior debt will allow Meridian to make a profit in 2019. With future learner growth, a decent return is possible. No additional capital is required.

LEADERSHIP

Curro's primary leadership responsibility rests with its board of directors. For detailed information on the board's role, responsibilities and powers, and the length of service, refer to pages 64 to 71.

SL (Santie) Botha[◇]

BEcon; BEcon (Hons)

Santie currently serves as non-executive director on the boards of Liberty Holdings Ltd and Telkom Ltd. She is also the chairperson of Famous Brands Ltd. Santie has a wide range of knowledge and experience in different sectors, ranging from fast-moving consumer goods (FMCG), where she started her career in Unilever and worked in various roles in both Durban and London, UK (1987 to 1996), and banking (Executive Director: ABSA Bank, 1996 to 2003) to telecommunications (Executive Director: MTN, 2003 to 2010). Santie was named Business Woman of the Year 2010. She was the Chancellor of Nelson Mandela University from 2011 to 2017.



AJF (Andries) Greyling^Δ

CA(SA)

Andries has been Curro's CEO since 1 July 2017. He started his career as audit manager at KPMG Inc. and subsequently held financial positions at several companies. In 2000, he joined the International Colleges Group of Media24 Ltd, which included brands such as INTEC and Damelin, as financial director, and was subsequently promoted to financial director of Educator (Pty) Ltd (Educor). In 2006, Educor bought a 26% stake in Curro. Andries, together with Curro founder Dr Chris van der Merwe, created the business plan upon which Curro's current growth strategy is based. In 2007, when Naspers Ltd disposed of Educor, including its interest in Curro, Andries acquired a shareholding in Curro and joined the company as financial director. In 2011, when Bernardt van der Linde was appointed as the financial director of Curro, Andries's role changed to that of chief operating officer. He was appointed CEO in 2017.



ZL (KK) Combi^{*}

Diploma in Public Relations; member of the Institute of Directors in Southern Africa

KK serves as an independent non-executive director of various listed and unlisted companies. He is the chairperson of the PSG Group Ltd, and is the chairperson of Pioneer Food Group Ltd. He has broad knowledge and experience of business in different industries and has been active as an entrepreneur since 1995.

HG (Hennie) Louw^Δ

CA(SA)

Hennie is Curro's chief investment officer. He lectured in Auditing at the University of the Western Cape prior to joining Hospiplan Ltd, a group that developed private hospitals across South Africa, as group financial director in 1996. In 1998 he joined the International Colleges Group of Media24 Ltd as managing director and was the group managing director of Educor from 2004 to 2007. After working in the venture capital industry as an investment manager for Mark Shuttleworth's venture capital firm HBD (Pty) Ltd, Hennie joined Curro in 2010 as manager of new business.



ZN (Nan) Mankai^{*}

CA(SA); MBA

Nan was appointed as an independent non-executive director to the Curro board with effect from 10 August 2018. Nan is currently the principal investment officer of Bigen Africa Services (Pty) Ltd, where she has until recently served on the audit committee and as chairperson of the social and ethics committee. Nan's experience has been in the private equity and investment management space, having worked for private equity funds as well as building on-balance sheet portfolios for corporates.

Key:
 * Independent non-executive director
 Δ Executive director
 § Non-executive director
 ◇ Independent non-executive chairperson

3.1 Board of directors



PJ (Piet) Mouton[§]

BCom (Mathematics)

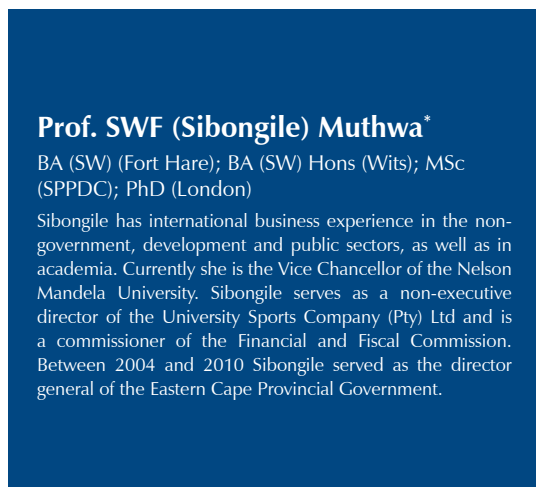
Piet is the CEO of PSG Group Ltd and serves as a non-executive director on the boards of various of its investee companies, including Capitec Bank Ltd, Pioneer Food Group Ltd, PSG Konsult Ltd and Zeder Investments Ltd. He has served within the investment and financial services industries since 1999.



DM (Douglas) Ramaphosa*

MA (Social Sciences); Programme for Executive Development (Institute of Management Development)

Douglas has more than 25 years of business experience through various directorships and board memberships. He is a non-executive director of EnviroServe, a waste-management company, as well as of the Wildlife and Environment Society of South Africa, and is chairperson of Satori Tech Hub. Douglas has served as group executive of corporate affairs at Altron, was CEO of Bytes Healthcare Solutions and, prior to that, managing director of Bytes Specialised Solutions. He worked at senior executive level for a number of organisations, including Transnet, ABSA and Anglo American. He served on the board of Eskom Enterprises for five years and was director and chairperson of Rotek Industries.



Prof. SWF (Sibongile) Muthwa*

BA (SW) (Fort Hare); BA (SW) Hons (Wits); MSc (SPPDC); PhD (London)

Sibongile has international business experience in the non-government, development and public sectors, as well as in academia. Currently she is the Vice Chancellor of the Nelson Mandela University. Sibongile serves as a non-executive director of the University Sports Company (Pty) Ltd and is a commissioner of the Financial and Fiscal Commission. Between 2004 and 2010 Sibongile served as the director general of the Eastern Cape Provincial Government.



B (Bernardt) van der Linde^Δ

CA(SA); CFA

Bernardt was an audit manager at PricewaterhouseCoopers Inc, after which he joined Finweek. He joined PSG Group Ltd in 2007, where he was, inter alia, part of the executive team at Paladin (now PSG Alpha Investments). He joined Curro as CFO in 2011.



Dr CR (Chris) van der Merwe[§]

BPrim (Ed); MEd (cum laude); PhD in Education

Chris has extensive knowledge of and is highly experienced in the independent school sector. He founded Curro in 1998, and as chief executive officer he led the company to its listing on the JSE in 2011. As a result of his founding of Curro, Chris was one of the four finalists in the exceptional category of the EY World Entrepreneur Competition in 2013. In October 2017 Chris was named Business Leader of the Year by the Durbanville Chamber of Commerce. Chris is CEO of Stadio Holdings, the tertiary-education component of the Curro business that was unbundled from Curro and was separately listed on the JSE on 3 October 2017.



B (Barend) Petersen*

CA(SA)

Barend has wide international business experience in mining, finance, auditing, the oil industry, energy, government relations, business turnarounds, corporate recovery, consulting and corporate governance. He is the executive chairperson of De Beers Consolidated Mines, and is also a non-executive director of various listed and unlisted companies, including Anglo American South Africa Ltd, De Beers plc and the Ponahalo Group. He is the chairperson of Macrovest Capital (Pty) Ltd, his industrial investment company that is invested in logistics, manufacturing and the oil industry.



Solid results in 2018

I am proud to present the annual integrated report for Curro Holdings Ltd for 2018. Curro announced its maiden dividend and delivered solid results in a challenging economic environment. The group's promise to the market for the coming year includes profitable growth, an improved EBITDA margin, and continued shareholder value and returns.

On behalf of the board, I congratulate the Curro matric learners of 2018 on their exceptional results. This was a very pleasing year for Curro's IEB schools, with an overall pass rate of 99.7% for its Grade 12 learners.

The pass rate for all Curro Holdings' NSC schools in 2018 stood at 94.3%. Complementary to this was the growth in the number of learners with university exemption, which increased from 42% to 52%. A total of 93% of the learners obtained access to tertiary education – including a degree, diploma or certificate qualification.

At the beginning of 2019, Curro opened its financial and academic year with six new schools and four acquisitions, adding significantly to the Curro footprint across southern Africa. This footprint now includes Gaborone's Baobab Primary School. Curro's 2019 academic year started with 57 276 learners across 164 schools on 68 campuses, which will provide the springboard for the continued growth of the Curro brand.

During the past financial year, Curro's revenue improved by 19% from R2 098 million to R2 496 million, while profit after tax (PAT) increased by 22% from R198 million to R242 million. Headline earnings per share (HEPS) from continuing operations increased by 23% from 49.0 cents per share to 60.1 cents per share. Headline earnings from continuing operations improved by 23% from R201 million to R248 million during the reporting period.

Curro's primary focus for 2019 will be on the success of our learners with the #Learners2Leaders campaign, through which Curro's quality education offering and individualised caring approach create a space for learners to develop into leaders. In a changing South African landscape, holistic leaders are what our country needs.

The board of Curro will continue its role of ensuring that corporate governance and educational standards are maintained at the highest levels to guarantee our place at the forefront of education in southern Africa.

Curro's commitment to safeguarding the health and safety of its employees, customers and the community, along with minimising harm to the environment, remains a focus. Quarterly reports are submitted to the social, ethics and

transformation committee to monitor the risks that the company faces in the critical areas of safety, health and the environment and to ensure that it receives due attention at all times.

Curro is committed to ensuring compliance with the amended Codes of Good Practice for Broad-Based Black Economic Empowerment together with a progressive working environment and corporate culture that attract and retain the best talent and skills, while building the confidence of employees, prospective employees, shareholders and other stakeholders.

Andries Greyling, who was appointed as chief executive officer in July 2017, will continue to provide the leadership and guidance in the achievement of the group's undertakings to its market, internally and externally. I thank Andries and his executive team for their leadership, commitment and dedication during the past year.

On 10 August 2018 the board welcomed Nangamso Mankai as an independent non-executive director and we look forward to her contribution to Curro's role in the South African education sector.

Effective 1 May 2019, Barend Petersen will step down as a non-executive member of Curro's board and as chairman of the audit and risk committee. Barend's contribution to the board has been invaluable. It has been a privilege to work with him.

Also effective 1 May 2019, Hennie Louw will retire as an executive director. He will continue to provide the company with his valuable services in his current role as chief investment officer. We thank him for his contribution to the board.

Curro welcomes Tsholo Molefe to the board as an independent non-executive director and a member of the audit and risk committee. Tsholo's appointment comes into effect on 1 May 2019.

Lastly, I thank my Board for their valued input and counsel during the past year. Also, to Curro's employees, clients, parents, learners and business partners thank you for your contribution and commitment to the continued success of the group.



Santie Botha
Chairperson of the Board

In a
changing
South
African
landscape,
holistic
leaders are
what our
country
needs.



Santie Botha

Education – the foundation of society

Curro reached a milestone in 2018, when we celebrated our 20 years of innovative curriculum development, sustained growth across southern Africa and affordable education for its future leaders.

We have seen a shift in our environment as consumers adjust to new trends, habits and lifestyles within the current economy – a transformation of expectations that will present us with challenges and great opportunities. To address the changing educational space, we will sharpen our focus and strengthen our efforts to create value. We are building new capabilities and platforms to secure our long-term prospects, while at the same time delivering the sustainable growth you expect from us.

Our figures tell a story about the essence of our company, which is you – parents, learners, staff, service providers and shareholders. Group EBITDA (earnings before interest, taxation, depreciation and amortisation) increased by 33% from R473 million to R627 million, while the schools' EBITDA increased by 30% from R594 million in 2017 to R772 million for the period under review. The major improvement in the EBITDA margin from 23% to 25% is due to increased efficiencies, capacity utilisation and lower bad debt expenses. We are very pleased with a set of solid results.

At the end of 2018, Curro had 51 305 learners in 138 schools on 58 campuses, and 2019 started with 57 276 learners in 164 schools on 68 campuses.

Education encompasses our lives. It is the foundation of society and helps to stimulate our children's minds and shape inquisitive youngsters into intellectuals. Higher learning takes intellects to the next level, increasing children's understanding of the world around us. The importance of education in society is incalculable, as it is only through education that one can sharpen skills. Skilful societies are the building blocks of a prosperous nation.

In South Africa, a growing trend for online education has been met by the launch of Curro Foreshore – the culmination of years of research and development at Curro, and the first of its kind within the group. Curro Foreshore takes the next logical step in Curro's educational evolution to benefit learners in the digital era. Learners will enjoy a flexible timetable, with the ability to go above and beyond

the curriculum in their areas of interest, allowing them to build their self-discipline and become responsible adults, and preparing them for university and the world of work.

In embracing future trends, Curro also launched Private College – Rivonia, a co-ed, English-medium facility offering the National Certificate Vocational (NCV) as an alternative to the National Senior Certificate (NSC) in the form of two NCV programmes: Information Technology and Computer Sciences, and Finance, Economics and Accounting. The school addresses the misconception that the NCV is an 'easy' option compared to the NSC. The focus is on practical, vocational training in addition to core academic subjects such as languages, Mathematics/Mathematical Literacy and Life Orientation.

The above educational offerings from Curro go some way towards addressing the intensified demand for affordable, accessible and quality education in South Africa, given the fluctuating economic climate and high unemployment rate in the country. Curro is well-positioned to continue to grow in any foreseeable market or economic environment. At the beginning of the 2019 academic year, the group opened six greenfield schools and concluded another four acquisitions.

There is also increasing interest in the private education market, resulting in a rapidly changing educational arena, despite the levels of regulation. Consolidation of the market into a few major players will have a salient effect on the quality of education.

We thank our employees for their commitment to Curro. Their hard work and dedication enable us to deliver on our promises. We thank our shareholders for their continuing support, trust and confidence. Together we will change the face of education, thereby impacting on the future of our children, and that of southern Africa.



Andries Greyling
Chief Executive Officer

Education
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the **foundation**
of society
and helps to
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intellectuals.



Andries Greyling

3.4 Strategic review and operating context

Curro operates in a market sector with substantial potential for growth and profitability, which at the same time presents significant barriers to entry. Although competition is on the increase, taking advantage of the growth potential in the group's target market requires substantial investment and long-term planning. The business model is predictive and cash generative, with a strong annuity base. For more details regarding its competitive advantage as well as the market size and potential, refer to the Curro investment case section of this report on pages 26 and 27.

The risks relevant to the business range from reputational to curriculum, investment, financial, information technology, human resources, safety and economic risks. The details on the likelihood of and actions taken to mitigate these risks are set out in the risk management review section of this report on pages 60 to 62.

Within this operating context, Curro has set a series of long-term strategic objectives and has attached key measurables to each of these objectives. The table below provides details of these objectives as well as the initiatives in place to achieve them.

Theme	Priorities	Key performance indicators	Outcomes FY18
Managing stakeholder value	<ul style="list-style-type: none"> Setting a firm business aim. Being a responsible corporate citizen. Creating a stable and inviting workplace. Communicating regularly with Curro's key clients. Generating attractive returns for shareholders. 	<ul style="list-style-type: none"> The establishment of 200 schools as Curro moves into 2021. Offering as many bursaries as Curro's business model can carry to talented, less-privileged learners, and optimising the relationship with the Ruta Sechaba Foundation. Developing neat, inviting and cost-efficient school campuses. Releasing a variety of digital and other publications that are suited to the needs of our key stakeholders. Establishing a PAC at every school. Increasing the share price and paying dividends. 	<ul style="list-style-type: none"> Curro started 2019 with 164 schools, compared to 138 schools at the end of 2018. This aligns with the goal of 80 campuses or 200 schools moving into 2021. In 2018, Curro offered school-level academic and sports bursaries to the value of R81 million. At the end of 2018, the Ruta Sechaba Foundation had just over 260 learners on scholarships and 422 scholarships have been awarded for the 2019 academic year. In 2018, six campuses (seven schools) were developed and opened in 2019. A significant investment was also made in the further development and acquisition of other campuses. Weekly, monthly and termly publications are distributed to stakeholders. Since listing, Curro has generated a compound annual growth rate of 11% in its share price. Curro paid a maiden dividend of R49 million (12 cents per share).
Developing and maintaining a unique client service	<ul style="list-style-type: none"> Focusing on client relationships. Enhancing networking among parents, learners and teachers. Analysing annual client surveys. Providing appropriate supporting infrastructure to manage schools through information and technology systems. Effectively marketing and communicating Curro's product to build brand awareness. 	<ul style="list-style-type: none"> Introducing open-door policies from executive heads and teachers to enhance accessibility. Holding regular conferences throughout the year. Conducting an annual survey among parents, learners and staff. Formulating an information and technology strategy based on the strategic direction of the group. Promoting prominent advertising actions relevant to each individual campus (includes billboards and open days). 	<ul style="list-style-type: none"> Client service remains a primary priority throughout the various touch-points within the group. In addition to the identified key performance indicators mentioned, a centralised contact point (engage@curro.co.za) provides further client service support. Comprehensive staff training is conducted regularly to ensure excellence in customer service. The main information and technology focus area remains the proactive technological support of the Curro business case. Stakeholder service level agreements are aligned with the business objectives. We further developed our in-house school management system and improved our data warehouse to support the management of the business.

Theme	Priorities	Key performance indicators	Outcomes FY18
Driving sustainable growth	<ul style="list-style-type: none"> Basing Curro's model on the concept of affordable independent school education. Securing enough school-zoned erven for future developments. Setting realistic annual business targets. Conducting ongoing research regarding actionable acquisitions. Proactively securing sufficient financing. Attracting and retaining quality teachers and other employees. 	<ul style="list-style-type: none"> Escalating school fees at 2% above consumer inflation per annum, taking the country's annual inflation rate into consideration. Using capital investment and an effective marketing strategy to expand existing schools to their maximum designed capacity. Maintaining and developing Curro's two-tier approach: Curro schools @ R4 600 per month on average, and Curro Academies ranging between R1 900 to R2 900 per month on average. Ensuring at least one acquisition per annum. With consideration of the balance sheet, ensuring an appropriate funding strategy to fund this strategic objective. Ensuring an appropriate recruitment and reward strategy is in place. 	<ul style="list-style-type: none"> In 2018 Curro managed to ensure alignment to its business plan. Key performance indicators have been taken into consideration. Curro opened six new campuses. Capacity utilisation remained at 53% (45% to 47% at Curro-developed schools). Four acquisitions were made in 2018 and two campuses were acquired in January 2019. Curro obtained R850m of funding and secured another R500m of funding during the year to be utilised during 2019.
Transformation management	<ul style="list-style-type: none"> Ensuring that all Curro schools strive to become demographically representative. 	<ul style="list-style-type: none"> Active involvement at school level to drive Curro's transformation agenda. Delivery on a B-BBEE strategy and plan. Delivery on an approved employment equity plan. Being closely aligned with the public sector 	<p>Curro understands that education plays an important role in empowering individuals and redressing the inequalities of the past. As part of this commitment, in 2016 Curro approved the appointment of a transformation committee that advises and provides the board with appropriate recommendations via the social, ethics and human resources committee. The transformation committee was active in 2018, managing its plan with set targets with the 2020 transformation vision in mind. In 2019 the transformation committee was fully incorporated into the social and ethics committee, and the new committee is now called the social, ethics and transformation committee. Refer to page 67 for more information pertaining to the committee. Please refer to pages 48 and 49 for more information on the transformation journey.</p>
Curriculum innovation	<ul style="list-style-type: none"> Conducting ongoing research and development to pursue best practices and to keep Curro's service competitive. 	<ul style="list-style-type: none"> Ensuring that the CCMD division remains focused on literacy development, coding activities, tablet research, further development of Curro's IT curricula, systemic testing of systems, Mathematics teaching methodologies, Science and Technology education, Engineering, and Entrepreneurship as subjects. 	<p>A number of key strategic initiatives were undertaken to ensure aligned quality in curriculum delivery throughout the group. This included the implementation of standardised testing in primary and high schools.</p>

Transformation journey

Curro remains committed to transformation as a critical business practice to ensure sustainability and to make a meaningful contribution to the country. We continue to make good progress in this regard – not only did we apply our minds to the transformation of the Curro board with the appointment of Douglas Ramaphosa and Nan Mankai, but targeted programmes for staff and learners continued throughout the financial year.

Our focus remains on the improvement of employment equity targets with the group committed to diversity and the need for employees to be representative of the South African demographics.

By the time of publication of the annual integrated report a 2019 B-BBEE compliance certificate was not available. A B-BBEE audit was underway and in the process of being finalised, pursuant to section 13G(2) of the Broad-Based Black Economic Empowerment Act. An announcement will be released on the Stock Exchange News Service (SENS) once the compliance certificate has been received and uploaded for perusal at www.curro.co.za.

For more information, visit www.curro.co.za.

Report of the social, ethics and transformation committee

The social, ethics and transformation committee is established in terms of section 72(5) of the Companies Act and addresses issues as outlined in section 43 of the Regulations to the Act. The committee acts under the requirements of the Act and a charter that is approved by the board.

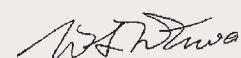
The committee comprises two independent non-executive directors and the chief financial officer, and its meetings are attended by appropriate members of management by invitation. The committee is chaired by an independent non-executive director.

During the year under review the committee met on three occasions.

The committee was previously called the social, ethics and human resources committee, but in December 2018 it was agreed that in future it would be called the social, ethics and transformation committee. The reason for this change was that a transformation committee, which had been established in 2016 to focus specifically on transformation issues, existed separately. It had become evident that the work being performed by the committees was largely being duplicated, and that it was preferable that the work of the transformation committee be absorbed into that of the then social, ethics and human resources committee. The restructured committee enhances the ability of the company to effectively focus on transformation. Human resources issues remain an important focus of the committee.

During the course of the year, the committee considered and approved the company's human resources strategy and relevant reports, reviewed and considered the impact of the revised B-BBEE codes and the levels and targets of compliance, and addressed the company's talent development initiatives. The company's ongoing transformation strategy was also considered and approved. The company's approach to corporate social responsibility issues, its community outreach projects and relevant communication strategies were considered. The work of the Ruta Sechaba Foundation was monitored and appropriate improvements recommended. These issues are reported upon elsewhere in this annual integrated report.

An outline of the work performed by the committee will be provided to shareholders at the forthcoming AGM.



Prof SWF Muthwa
Chairperson: Social, ethics and transformation committee



Employee statistics as at 31 December 2018

	Race						Total
	Black		White		Total		
	M	F	M	F	M	F	
Executive	2	1	7	1	9	2	11
Senior management	9	15	75	46	84	61	145
Middle management	20	38	79	266	99	304	403
Total management	31	54	161	313	192	367	559
Employee category %	5.5	9.7	28.8	56.0	34.3	65.7	100.0
Total management %	0.6	1.0	2.9	5.6	3.4	6.5	9.9
Skilled, technically and academically qualified employees	202	571	323	1 912	525	2 483	3 008
Semi-skilled and discretionary decision-making employees	194	869	47	255	241	1 124	1 365
Unskilled and defined decision-making employees	319	364	2	11	321	375	696
Total non-management	715	1 804	372	2 178	1 087	3 982	5 069
Employee category %	14.1	35.6	7.3	43.0	21.4	78.6	100.0
Total non-management %	12.7	32.1	6.6	38.7	19.3	70.8	90.1
Total employees	746	1 858	533	2 491	1 279	4 349	5 628
Total employees %	13.3	33.0	9.5%	44.3	22.7%	77.3	100.0

Employee statistics as at 31 December 2017

	Race						Total
	Black		White		Total		
	M	F	M	F	M	F	
Executive	1	0	6	2	7	2	9
Senior management	5	4	36	10	41	14	55
Middle management	22	32	125	298	147	330	477
Total management	28	36	167	310	195	346	541
Employee category %	5.2	6.7	30.9	57.3	36.0	64.0	100.0
Total management %	0.5	0.7	3.1	5.8	3.6	6.4	10.1
Skilled, technically and academically qualified employees	171	484	361	1 871	532	2 355	2 887
Semi-skilled and discretionary decision-making employees	172	761	34	355	206	1 116	1 322
Unskilled and defined decision-making employees	274	330	5	10	279	340	619
Total non-management	617	1 575	400	2 236	1 017	3 811	4 828
Employee category %	12.8	32.6	8.3	46.3	21.1	78.9	100.0
Total non-management %	11.5	29.3	7.5	41.6	18.9	71.0	89.9
Total employees	645	1 611	567	2 546	1 212	4 157	5 369
Total employees %	12.0	30.0	10.6	47.4	22.6	77.4	100.0

Notes:
M = Male
F = Female

3.5 Financial review

Highlights and events pertaining to the group's operations in 2018:

- Revenue of R2.5 billion represents an increase of 19%.
- Reduction in non-Grade 12 leavers from 21.4% to 18.0%.
- Headline earnings from continuing operations increased by 23% to R248 million.
- The recapitalisation of Meridian reduced the interest expense.
- The average cost of funding was reduced.
- A maiden dividend of 12 cps was paid.
- Yield of 8.3%, up from 7.9%.
- Total learner numbers at the start of the 2019 academic year are 57 276.

Key statistics

	2013	2014	2015	2016	2017	YOY growth	2018	5-year CAGR
Revenue (R million)	659	1 001	1 384	1 714	2 099	19%	2 496	31%
Schools' EBITDA (R million)	155	262	382	487	594	30%	772	38%
EBITDA (R million)	114	191	292	377	472	33%	627	41%
EBITDA margin (%)	17.3	19.1	21.1	22.0	22.5	-	25.1	-
Net interest expense (R million)	22	55	91	70	78	77%	138	44%
Headline earnings – continuing ops (R million)	37	56	100	162	201	23%	248	46%
HEPS – continuing ops (cents)	12.8	17.2	28.3	41.8	49.0	23%	60.1	36%
Capital investment (R million)	1 015	1 305	1 010	1 486	1 136	54%	1 746	11%

Key drivers for performance

Learner numbers

	2014	2015	2016	2017	2018	YOY growth	2019	5-year CAGR
Curro and Curro Select	19 501	23 638	29 639	31 414	34 870	10%	38 368	14%
Curro Academy		990	2 114	3 831	5 844	42%	8 280	70%*
Curro Castle	474	572	792	960	1 278	6%	1 353	23%
DigiEd							43	
Total Curro	19 975	25 200	32 545	36 205	41 992	14%	48 044	19%
Meridian	7 941	9 948	9 798	9 665	9 313	(1%)	9 232	3%
Total	27 916	35 148	42 343	45 870	51 305	12%	57 276	15%

*4-year CAGR

Fee increase

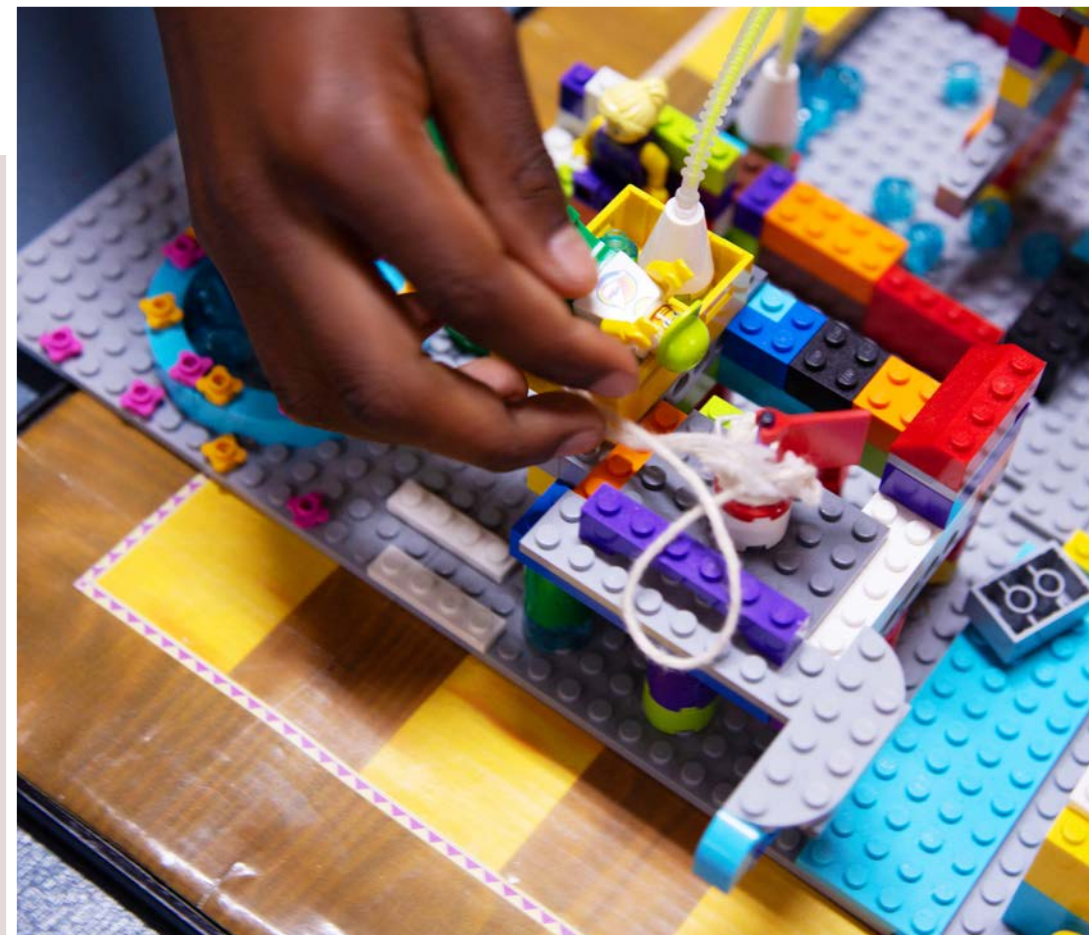
	2015	2016	2017	2018
Average school fee per learner (R'000)	34.0	37.6	41.6	45.3
% increase	8.4%	10.6%	10.7%	8.9%

School fee increases are considered for each school on a grade-by-grade basis and depend, inter alia, on the current level of fees, the demand for the school and the facilities provided.

Average revenue per learner is determined mainly by school fee increases, but is also affected by learner numbers on a per school per grade basis, as there are different school fees applicable to different grades. The higher proportionate growth in Curro Academy learners who pay lower fees decrease the average growth in school fees.

For 2016 to 2017 the school fee increases at school level ranged from 7.3% to 12.2%, with a weighted average school fee increase of 10%. For 2017 to 2018 the school fee increases ranged from 5.4% to 12.2%, with a weighted average increase of 9.0%.

For 2018 to 2019 the school fee increases ranged from 5.6% to 11.6%, with a constant learner-based weighted average of 9.0%. The tablet fees applicable from Grade 4 to Grade 12 in most traditional and Select schools were incorporated in this fee, which had an effect of approximately 1.5%. The preschool fees were mostly adjusted at inflation.



	Number at 31 Dec 2018		Learner numbers		Growth		EBITDA** (R million)		Growth		EBITDA margin		Built capacity			Eventual capacity		
	Campuses	Schools	2017	2018	16/17	17/18	2017	2018	16/17	17/18	2017	2018	2016	2017	2018	2016	2017	2018
Developed schools	41	98	28 315	31 798	15%	12%	342	464	33%	36%	27%	32%	60%	64%	63%	42%	45%	47%
2009 and before*	4	9	3 443	3 874	(1%)	13%	55	64	25%	16%	26%	30%	82%	83%	82%	88%	87%	71%
2010	2	6	2 254	2 205	1%	(2%)	37	39	19%	5%	35%	35%	79%	79%	75%	69%	70%	55%
2011	5	15	4 552	4 166	0%	(8%)	53	65	2%	23%	28%	31%	63%	62%	59%	47%	47%	50%
2012	2	6	1 904	1 977	6%	4%	25	34	32%	36%	28%	33%	68%	72%	75%	53%	57%	59%
2013	4	12	6 149	6 427	7%	5%	104	127	12%	22%	39%	42%	66%	71%	74%	59%	63%	64%
2014	4	8	1 833	2 148	20%	17%	6	17	100%	183%	9%	20%	41%	47%	55%	22%	27%	44%
2015	8	19	5 748	6 193	21%	8%	38	52	124%	37%	21%	24%	55%	66%	63%	31%	37%	47%
2016	4	8	1 179	1 682	101%	43%	15	37	N/a	147%	22%	37%	17%	35%	45%	10%	20%	32%
2017	3	8	1 253	2 485	0%	98%	9	38	-	322%	18%	37%	-	41%	72%	-	23%	40%
2018	5	7	-	641	-	0%	-	(9)	-	0%	-	(37%)	-	-	19%	-	-	10%
Acquired schools	17	40	17 555	19 507	(1%)	11%	268	324	15%	21%	30%	33%	86%	84%	76%	73%	73%	68%
2012 and before	7	17	6 919	6 985	1%	1%	142	153	9%	8%	37%	41%	77%	77%	73%	72%	72%	61%
2013***	2	2	4 233	3 837	(10%)	(9%)	35	30	(17%)	(14%)	25%	23%	95%	85%	64%	78%	70%	78%
2014	2	6	2 618	2 744	7%	5%	56	70	30%	25%	33%	36%	99%	91%	96%	85%	92%	80%
2015 and 2016	4	11	3 785	4 142	5%	9%	35	47	94%	34%	20%	24%	88%	92%	100%	69%	72%	74%
2018	2	4	-	1 799	-	0%	-	24	-	0%	-	37%	-	-	79%	-	-	86%
Property rental and royalties							(16)											
Total	58	138	45 870	51 305	8%	12%	594	772	22%	30%	28%	31%	69%	70%	69%	52%	53%	53%

Acquired schools indicates the year the school was incorporated into Curro. All acquired schools have been established for at least seven years.
 * 2009 and before schools have a maximum of 20 learners per class, which has a direct impact on the EBITDA. Other schools have a maximum of 25 learners for Curro and Select or 35 for Meridian and Academy schools.
 ** Schools' EBITDA
 *** Learner number losses at Northern Academy.

There has been a satisfactory increase in EBITDA margins, especially for the developed campuses.

The developed vintages of 2013, 2016 and 2017, which are concentrated in Gauteng and Cape Town and are predominantly English-only schools, prove the potential of schools in selected urban locations as opposed to rural locations.

Overall, Curro still aims to achieve at least a 40% EBITDAR margin on a portfolio basis. While certain vintages may never reach this level, other vintages should outperform that target.

The built capacity is based on the current number of classrooms times the practical capacity for those classrooms (i.e. realistic occupation and not maximum occupation). For Curro Select and traditional schools the practical capacity was based on 23 learners, and for Academy and Meridian schools on 28 learners. The eventual capacity is based on the current plus additional possible classrooms on the campus. In certain instances the eventual capacity will probably not be met (for example, Mossel Bay, Hermanus, Heuvelkruin). Eventual capacities may therefore be reduced for these campuses in the future.

In order to reach the eventual capacity, additional capital spend of R1.1 billion in present value is required on classrooms. In addition to the spend on classrooms, there may be other capital improvements of R800 million, which may include swimming pools, synthetic sports pitches, halls and auditoriums, and pavilions.

Investment returns

The yield is calculated by measuring earnings before interest and tax ('EBIT') over revalued fixed assets (at the beginning of the year). Fixed assets are revalued by increasing the net book value of the assets with building inflation (of 7%) since the inception of the school.

Over time the company aims to increase its yield to more than 15%.

	2018			2016			2017			2018				
	Campuses	EBITDAR	Yield	EBITDAR margin	Yield	EBITDAR margin	Yield	EBITDAR	EBITDAR margin	Yield	EBITDAR	EBITDAR margin	Yield	Eventual capacity utilised
Curro and Select	37	440	9.9%	32%	517	31%	8.7%	669	34%	9.8%	54%			
Developed	25	230	7.3%	29%	295	31%	7.2%	390	34%	8.6%	50%			
Acquired	12	210	14.9%	34%	222	32%	11.5%	279	34%	11.9%	65%			
Curro Academy	8	4	0.7%	(0.7%)	25	22%	3.3%	52	27%	3.7%	33%			
Curro Castle	6	8	4.2%	29%	11	28%	5.4%	10	19%	2.0%	62%			
Meridian	7	61	7.5%	24%	53	20%	5.8%	57	21%	5.9%	69%			
Total	58	513	9.0%	30%	606	29%	7.9%	788	32%	8.3%	53%			

The numbers for prior years were restated to include intangible assets and goodwill at the time of the acquisition.

The yield has seen a pleasing improvement from 2017 to 2018, specifically for the Curro-developed schools, which are the largest contributor on an EBITDAR basis.

The acquired schools were affected by lower yields at Woodhill College and Grantleigh, significant capital invested at Windhoek, as well as the two new acquisitions, Cooper College and Baobab Primary School, which returned lower yields.

Curro Academy schools were affected by the addition of new schools from a small base. Had the three first-year schools been excluded, the yield for the Academy schools would have been 7.5%.

The Meridian schools' yield was more or less consistent, but down compared to 2016.

Loan scheme

At the beginning of 2018, Curro announced a loan scheme to assist parents in paying school fees by reducing the monthly cash outlay to the parents. The promotion and uptake of these loans were slow. As at year-end there were only seven loans in effect, with a value of R400 000.

3.5 Financial review

Bursaries and discounts

Discounts are granted to Curro employees children attending Curro schools and for the prepayment of school fees for the year in advance. Merit bursaries are awarded for excellence in academic work as well as for sport and culture. Short-term financial assistance is available, taking into consideration various factors.

Since 2015 the total discounts and bursaries remained constant at 6% of turnover. Forty-six per cent of the discounts was for the children of employees.

Bad debts

Bad debts (R million)	2016	2017	2018*
Total write-off for the 12 months	23.6	54.2	27.2
Bad debts recovered	(5.5)	(23.0)	(7.7)
Net write-off (R million)	18.1	31.2	19.5
Net bad debts as % of turnover	1.0%	1.5%	0.8%

*IFRS 9 was implemented in the 2018 book year. This requires expected recoveries also to be factored in when writing off/providing for bad debts. Curro has in the past experienced 95% recoverability of outstanding debtors (active accounts) at year-end and 60% recoverability of bad debts written off.

Had IFRS 9 been implemented before 2018, the net bad debts as percentage of turnover would have been 0.6% in 2016 and 0.7% in 2017. This gives a picture of a slight but not significant increase in bad debts over the past couple of years.

Debtors

Accounts receivable	2016 R million	2017 R million	2018 R million
Active	28	54	97
Inactive	-	-	24
Gross balance	28	54	121
Provision	-	-	(32)
Net accounts receivable	28	54	89

The debtors balance has increased because before 2018 all inactive accounts were fully written off. For 2018 inactive accounts were kept on the books, but an 85% provision was made against those accounts. Furthermore, an 11.7% provision was made against active accounts.

Expenses

Employee costs

	2016	2017	YOY change	2018	5-yr CAGR change	2019
Total staff costs (R million)	918	1 107	17%	1 290	28%	
Staff costs as % of turnover	54%	53%		52%		
Staff costs as % of total expenses	69%	69%		69%		
No of staff	4 806	5 369	5%	5 628	19%	6 175
Average cost per employee (R'000)	191	206	11%	229	8%	
No of teachers	2 546	2 778	6%	2 945	13%	3 301
Learner:teacher ratio	16.6	16.5	5%	17.4	6%	17.4

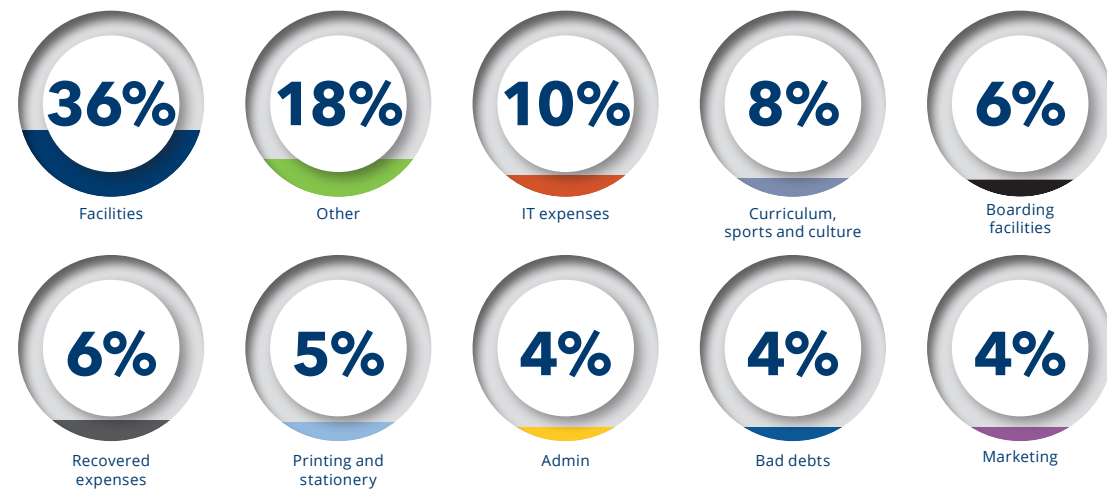
Salaries remain the largest expense for the business, at 69% of total expenses. Quality teachers in the classroom remain the bedrock of Curro's product. Teacher and support resources are assessed to ensure that any under-utilisation is limited as far as possible.

The learner: teacher ratio saw a pleasing increase between 2017 and 2018, and we hope to improve this further in 2019 through the natural turnover in staff.



#Learners2Leaders: Curro Academy Riverside

3.5 Financial review



	2016 R million	2017 R million	YOY growth	2018 R million	CAGR (5 years)
Facilities	135	161	22%	196	30%
IT expenses	40	45	15%	52	45%
Curriculum, sport and culture	37	39	9%	43	24%
Boarding facilities	27	27	21%	33	40%
Recovered expenses	20	25	22%	31	40%
Printing and stationery	24	28	1%	28	17%
Administration	13	18	27%	23	27%
Bad debts	18	30	(33%)	20	29%
Marketing	17	18	10%	20	26%
Other	80	89	13%	101	27%
	411	481	14%	547	30%

The majority of other expenses are related to facilities that for the greater part are rates and taxes and utilities. For the manageable portion of these expenses, management continuously looks for areas to save these costs through more efficient electricity usage and water-saving initiatives. Smart metering assists in identifying areas for improvement in this regard.

Curro has boreholes at the majority of its schools. It is also testing water-harvesting methods on its sports fields and where swimming pools are in place. If successful, the model will be introduced at Curro schools with a capital outlay of R800 000 per campus.

The increased usage of technology on the campuses has led to a higher growth rate for IT expenses. This coincides with Curro's 21st-century teaching and learning approach and its focus on coding, robotics and IT.

Meridian business

The Meridian business commenced in 2012 between Curro, Old Mutual Life Assurance Company South Africa Ltd (through the Financial Sector Charter Fund) and the Schools and Education Impact Fund of South Africa ('SEIFSA'), funded by the Public Investment Corporation.

Old Mutual and SEIFSA contributed all the senior and mezzanine funding, with Curro providing 65% of the funding and other parties the rest. The 15-year senior and junior funding had a three-year interest roll-up, followed by a three-year partial interest payment only. Capital redemption is due from 2019 onwards.

The learner number growth was affected by the economic downturn in South Africa. In addition, government subsidies were not received for a number of years, affecting the profitability of the business.

In 2018 the gearing of the business was addressed by replacing expensive debt with mezzanine debt, and senior debt with junior debt (seen as equity). The reduction in debt means that the Meridian business is profitable.

	2016	2017	2018 as disclosed	2018 (pro forma)*
Learner numbers	9 798	9 665	9 313	9 313
Revenue (R million)	275	271	274	274
EBITDA (R million)	51	43	46	46
Depreciation (R million)	(12)	(11)	(10)	(10)
EBIT (R million)	39	33	36	36
Net interest (R million)	(61)	(67)	(68)	(24)
PBT (R million)	(22)	(35)	(32)	12
Tax (R million)	6	10	15	7
Headline earnings (R million)	(16)	(25)	(17)	19
Equity and junior loans (R million)	40	8	413	413
Debt funding (R million)	564	620	249	249
Senior (JIBAR + 4%)	454	497	249	249
Mezzanine (JIBAR + 8%)	110	123	-	-

*If recapitalisation occurred on 1 January 2018. Actual recapitalisation was on 22 August 2018.

Operationally, the decline in learner numbers has stabilised and the focus will be on increasing capacity utilisation.

Cash flow

	2016 R million	2017 R million	2018 R million	YOY change
EBITDA	377	473	627	33%
Non-cash items	22	16	5	
Finance costs	(68)	(77)	(138)	
Taxation	(8)	(8)	(18)	
Working capital movements – operating	(4)	(27)	(10)	
Cash flow before capital movements	319	377	466	24%
Working capital movements – capital	85	(64)	(78)	
Cash from operating activities	404	313	388	24%
Replacement of movables	(35)	(40)	(30)	
Other movables	(149)	(168)	(126)	
Expansion at existing campuses	(387)	(444)	(434)	
Total investment – existing campuses	(571)	(652)	(590)	(10%)
New school investments	(524)	(324)	(416)	
Land banking	(125)	(148)	(118)	
Acquisitions	(266)	(12)	(369)	
Investment activities relating to Stadio	(214)	(56)	120	
Cash to investing activities	(1 700)	(1 192)	(1 373)	(15%)
Cash generated from financing activities	1 771	744	506	
Net movement	475	(135)	(479)	
Opening balance	231	706	571	
Closing balance	706	571	92	

Healthy cash-flow generation continued in 2018, with a 24% increase in cash generated from operations.

3.5 Financial review

The low cash tax rate is the result of a 5% wear-and-tear allowance that is allowed by the Income Tax Act. Curro has a taxable loss of R464 million available for set-off against future taxable income.

Cash generated from operations has increased to the level that in 2018 this almost fully covered expansion capital expenditure.

Replacement capex is quite low, and mainly comprises computer equipment and vehicles, as other movable items do not require regular replacement. This means that the majority of the capital expenditure is discretionary and therefore can be altered on the basis of the expected cash generation for the year. This is established in January of a year when new learners are enrolled.

Investment in expansion projects to existing campuses will continue to be a significant item every year because campuses are built in phases. Additional classrooms and certain specialised sports facilities (swimming pools and synthetic turf sports fields) will only be built as the school learner numbers grow. Overall, the split between classrooms and other immovable investments on a campus is about 50:50.

The majority of the R369 million spent on acquisitions are profitable and self-funding from a debt service perspective.

Capital structure and debt

Debt measures	Dec 2016	Dec 2017	Dec 2018
Net debt (Dec) (R billion)			
Excluding Meridian	0.4	1.2	2.8
Including Meridian	0.9	1.8	2.6
Average net debt (R billion)			
Excluding Meridian	0.6	0.8	1.8
Including Meridian	1.2	1.4	2.2
Net debt/equity			
Excluding Meridian	7%	24%	50%
Including Meridian	19%	36%	54%
ISCR			
Excluding Meridian	5.7	5.6	4.1
Including Meridian	4.2	4.9	3.3
Ave net debt/EBITDA			
Excluding Meridian	1.3	1.4	3.1
Including Meridian	2.4	2.3	3.5

The Meridian debt is ring fenced from the Curro balance sheet and there is no recourse to Curro in case of default by Meridian. On a standalone basis Curro is low geared. This is the preferred position in the short term, as it will enable Curro to make use of opportunities.

Over the long term, Curro's gearing will be increased to a 50/50 debt to equity ratio.

The minimum covenants to be met with regard to the majority of Curro's debt are interest service cover ratio of at least 1.75 times, and a loan to the value of 1.3 times. Curro will aim to keep its ISCR above 2.5 times and the average net debt/EBITDA at less than 4.5 times.

Average net debt/EBITDA is seen as more appropriate, as the majority of debt is undertaken at the end of the year in order to pay for the increased capacity generated, which will lead to additional cash flow in the following year. See table below for history of EBITDA generation following the year of the debt incurred.

	2015 R million	2016 R million	2017 R million	2018 R million
Net Debt	1 400	1 310	1 822	2 807
EBITDA	292	377	473	627
Debt/EBITDA (trailing)	4.8	3.5	3.9	4.5
EBITDA (following year)	377	473	627	
Debt/EBITDA (forward)	3.7	2.8	2.9	

During the year Curro refinanced the majority of its long-term funding at lower rates.

- New five-year bullet funding was negotiated at a minimum of JIBAR +175 basis points, which was 22.5 basis points lower than the lowest funding in 2017.
- A R200 million revolving credit facility was entered into in order to improve debt management and reduce surplus cash.

In the 2019 year, Curro will refinance the debt to be redeemed in 2020 with further five-year bullet funding.

Debt maturity profile

	2018 R million	2019 R million	2020 R million	2021 R million	2022 R million	2023 R million
Meridian	-	17	19	21	23	26
Curro	20	20	870	20	1 070	461

Dividends

In 2017, the Stadio unbundling was accounted for as a dividend in specie in terms of section 46(1)(a)(ii) of the Companies Act, and section 46 of the Income Tax Act, No. 58 of 1962, as amended, and amounted to R345 million. The debit was accounted for as a decrease in retained earnings.

For the 2018 year, the board declared a maiden 12 cents dividend, which is 20% of the headline earnings. The payment of the dividend was based on the following premises:

- Significant growth in cash generation is expected to continue into the future.
- Gearing levels are at comfortable levels.
- The market has been sensitised to a potential dividend since 2015.
- The majority of earnings are retained for new capital investment.

Key focus areas

The key focus areas pertaining to the finances of Curro are:

- Improving the debt-collection process in line with the overall intention to retain learners.
- Refining the learner/teacher model, specifically pertaining to the high school.
- Securing appropriate long-term funding for the anticipated capital expansion.
- Improve the collection and integration of data in order to improve decision making.

Outlook

Curro is geared and financially in a strong position to expand its business by focusing on increasing capacity utilisation and improving efficiencies.

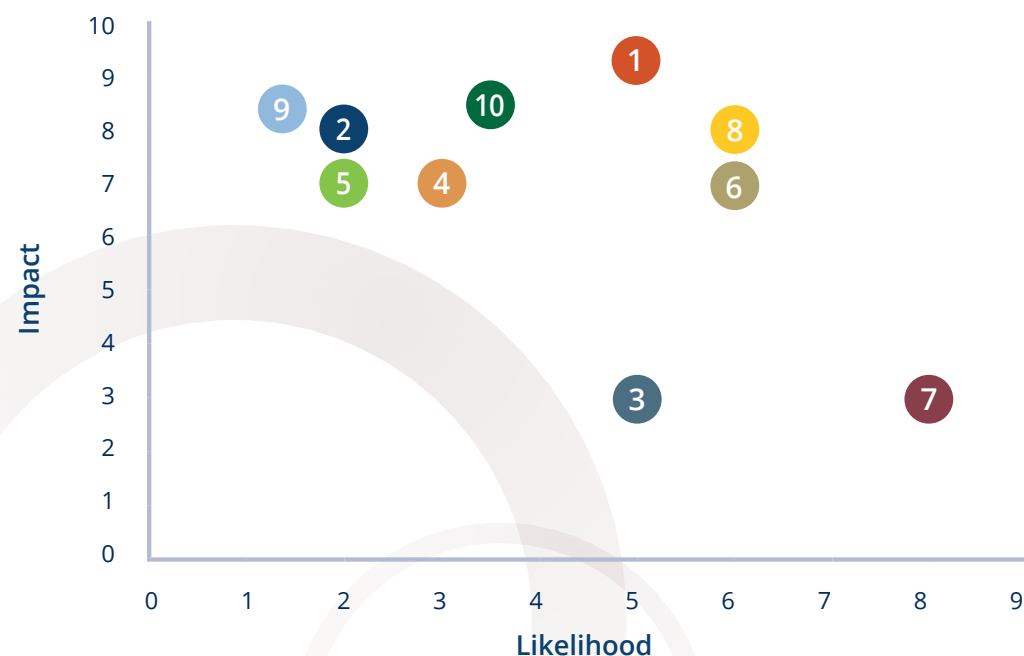
3.6 Risk management review

Risk management in the group focuses 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 behaviours are applied and managed within predetermined procedures and constraints.

The board is responsible for Curro's risk management and has delegated the oversight role in this regard to the audit and risk committee. The board biannually approves any changes to the risk appetite of the group. The main potential risks are brand reputation management and economic risk. The board is satisfied that these and other identified risks are appropriately monitored and mitigated.

The board is of the opinion that the risk management system, together with the internal control environment, is effective and commensurate with the size and nature of the business. Compliance risk is monitored within the risk reporting that is submitted to the audit and risk committee and the board to ensure that appropriate action is taken by management to mitigate these risks. The monitoring and management of compliance with legislation and the compliance management of schools reside under the dedicated operational business managers, the curriculum management team for the primary and high schools (for compliance at school level), and the head of corporate development. For construction-related matters, the head of facilities reports on a regular basis to the executive committee, who is in charge of the monitoring and management process. The executive directors and senior managers are responsible for the compliance of the areas identified in the different departments of the business. There were no major non-compliance incidents resulting in significant fines or prosecution during the year ended 31 December 2018.

Risk matrix



The following table illustrates the group's top risks and how the group mitigates those risks (in no particular order):

Indicator	Risk	Responses
1	Reputational risk The most significant risk for Curro is damage to its reputation as a result of an event or a series of events.	Curro focuses on providing quality in all its domains. The main areas that may be affected by reputational risks are: <ul style="list-style-type: none"> • Safety and security • Academic quality • Stakeholder communication • Transformation Policies, procedures and the close monitoring of the results are a priority for the board and management of Curro. Active engagement to understand and address risks mitigates this risk further.
2	Curriculum risk Changes in the curriculum and the implementation thereof.	Curro schools have the advantage of curriculum experts who guide teachers in curriculum planning to maintain an ideal balance between the written and the received curriculum. This ideal balance motivates teachers, because they can invest more time in teaching than in curriculum planning. Curro has also complemented the required government curriculum with additional learning areas that are considered relevant international best practice.
3	Investment risk <ul style="list-style-type: none"> • A campus is not placed in an appropriate location and therefore does not grow as anticipated. • Overpaying for an acquisition. 	As a result of the demand for education, the market still offers significant growth opportunities. <ul style="list-style-type: none"> • Proper qualitative and quantitative due diligence, encompassing, inter alia, population trends, access routes and land assessments, ensures that the appropriate sites are selected. • Acquisitions are carefully considered to ensure that the area still offers growth opportunities, and that the ethos of the target market is aligned with that of Curro. • As the portfolio of schools expands, the impact of the incorrect location of a single school will decrease.
4	Financial risk <ul style="list-style-type: none"> • Accurate historical and forecasted management information. • Investment and expense management. 	The expanding network of schools has necessitated ongoing investment in systems that are continually developing. A robust budgeting process is followed for capital and expense management, which is continually monitored. A 10-year forward-growth plan is also maintained for each school, and performance is monitored against this. Management is incentivised to outperform the set targets.
5	Cash flow and funding risk The availability of financial resources to meet operational requirements and expand the network of schools.	Curro is a profitable company that can comfortably meet its day-to-day financial requirements. For expansion, Curro has over the past couple of years diversified its sources of funding from a single commercial bank to a combination of multiple commercial banking relationships. Funding is also received from development finance institutions. As a listed company, Curro has the further option to raise capital from the equity markets, which is supported by a strong shareholder of reference.

Indicator	Risk	Responses
6	Information technology risk Curro is continually becoming more dependent on connected technology, which has exponentially increased with the introduction of handheld electronic devices for a large number of its learners. High availability of infrastructure, which includes the basic supply of electricity, is therefore imperative.	Curro has built a nationwide area network with industry leaders in the field. Access is well managed and controlled. Curro is implementing the best practice for the security risks of handheld electronic devices in order to further protect its information. Alternative forms of electricity is now a key priority in the design of new campuses and Curro has already addressed current sites that have experienced issues with power supply in the past.
7	Human resources risk <ul style="list-style-type: none"> Recruiting the right skilled and experienced teachers. Competitive employee remuneration. Managing a growing workforce. 	Curro believes it has a good employee value proposition that includes a good working environment, market-related remuneration packages (including medical aid and company contributions to retirement funds) and school fee discounts. All executive heads are experienced leaders. They receive human resource management support from Curro's contracted service provider and general managers. Curro places a lot of emphasis on the development of its teachers, who are developed through in-service training and through the Embury Institute for Higher Education. The Embury Institute for Higher Education also provides newly qualified teachers, whom Curro considers for appointment in its recruitment process.
8	Economic risk Clients cannot afford to keep their children enrolled at the school.	<ul style="list-style-type: none"> In general, Curro's clients believe in the value of a good, quality education. Curro's experience is that parents' spend is reprioritised to ensure that their children receive a quality education. Curro aims to provide a value-for-money service, and market share is gained by parents looking to save money by trading down from premium brand schools. The Meridian and Curro Academy models have school fees that are affordable in terms of independent schooling norms and can be compared to those of government schools.
9	Safety risk Facilities and other factors in the environment that can be harmful to Curro's learners and employees.	<ul style="list-style-type: none"> Keeping safety in mind in the planning stages. Consulting with health and safety professionals and adhering to the authorities' building standards for public buildings, which will also include a fire certificate. Policies are in place requiring appropriate conduct, duty and care by employees. Schools are fenced off, with controlled entrance via security guards. Health and safety audits are conducted annually by independent service providers.
10	Water risk Water usage at schools and municipal water supply to schools that run dry.	<ul style="list-style-type: none"> Water-saving/-usage awareness campaigns are run at schools. Schools have installed or are in the process of installing water measurement devices. The information will be used to carry out risk assessments to identify and quantify water-related risks. Water-harvesting and -storage facilities are installed or in the process of being installed at our schools. This will be used for toilet flushing, fields/gardens and cleaning.



#Learners2Leaders: Curro Serengeti

3.7 Corporate governance

Curro and its board of directors are committed to maintaining the highest standards of corporate governance and strong ethical practices in all areas of the business. Curro believes that this creates sustainable shareholder value. The practices and policies that are applied to adhere to these standards are based on, inter alia, the Companies Act, the Listings Requirements of the JSE and King IV.

Curro's register relating to adherence to the principles set out in King IV is available at www.curro.co.za. Other sections of this annual integrated report refer to Curro's approach towards corporate governance.

This section of the annual integrated report focuses on reporting on material matters relating to the board of directors' governance and related dynamics, on Curro's corporate governance framework (inter alia, the delegation of powers and responsibilities, board committees, the executive committee), and the company secretary.

This report also includes reporting on relevant matters that took place subsequent to year-end.

Board leadership

The board, under the leadership of an independent non-executive chairperson, is accountable and responsible for the governance, performance and affairs of the group. The board has and retains effective control of the company and monitors and ensures that Curro operates ethically and responsibly, and conforms to the highest standards of corporate governance. It ensures that the internal controls – operational, financial, environmental and societal – are adequate and that the financial statements accurately and objectively reflect the group's business.

The board has an approved charter. The primary responsibilities of the board are to:

- Set the strategic intent and direction of Curro by approving Curro's strategy and that of the functional areas (inter alia, information and technology, marketing and communications, human resources, academic and the curriculum), and monitor performance against the achievement of the strategy.
- Review and approve annual and interim financial reports, budgets and business plans.
- Advise on corporate finance actions in conjunction with the company's sponsor.
- Advise on stakeholder communication and governance issues, which include ethics management.
- Encourage equitable treatment of shareholders and strive to achieve the appropriate balance between its stakeholder groupings through a stakeholder-inclusive approach. In doing so, the board governs stakeholder management in a manner aimed at balancing the interests and legitimate needs and expectations of material stakeholders in the best interests of Curro.
- Make material investment, disinvestment and refinancing or restructuring decisions.

- Make recommendations to shareholders on non-executive directors' remuneration.
- Review and approve amendments to the share incentive scheme with the recommendation of the remuneration and nominations committee.
- Appoint new directors (executive and non-executive), taking diversity and gender into account, and ensure the appropriate orientation and induction of new directors.
- Consider and approve the policy for gender and race diversity, including voluntary targets, and monitor progress against achieving the targets.
- Provide oversight on risk, information and technology, compliance, remuneration, assurance, quality and stakeholder relations in a manner that supports the company in achieving its strategic objectives while taking into account its objective of being a responsible citizen.
- Define clear areas of responsibility at board and board committee level to ensure appropriately limited individual decision-making ability.
- Determine and approve the maximum borrowing limits and funding strategy from time to time.

The board believes it fulfilled its responsibilities during the 2018 financial year and continues its endeavours to lead Curro ethically and effectively towards enhancing Curro to continue to be seen as a responsible corporate citizen. Furthermore, the board is satisfied that the identified risks are appropriately monitored and mitigated (refer to pages 60 to 62), and that the risk management system, together with the internal control environment, is effective and commensurate with the size and nature of the business.

Composition of board, appointment process and induction

Appointments to the board are made in terms of a clear policy with respect to the recommendations that are made by fellow board members, with the input of other significant stakeholders after consideration by the remuneration and nominations committee. Appointments are made on the basis of the needs of the company and the set of skills, experience, knowledge, independence and diversity that such an appointee can contribute. The board has adopted and approved a policy on voluntary targets for race and gender diversity. These voluntary targets that were approved are:

- To ensure that 50% of non-executive directors are female by 2022. As at 31 December 2018 this was 37.5% (three out of eight directors).
- To ensure that 60% of non-executive directors are black by 2022. As at 31 December 2018 this was 62.5% (five out of eight directors).

All new appointments to the board are made in terms of a formal and transparent process and are considered to be a matter for the board as a whole. The board decided that the remuneration committee would be renamed the remuneration and nominations committee. Nominations

for the board are considered by the committee, which makes recommendations to the board.

Curro has a fully functional board that leads and controls the company. The board members collectively represent diverse skills and demographics, have the depth of qualifications and knowledge and the experience necessary to ensure that effective leadership is provided to the group. The independence of the independent non-executive directors and the guidance that they provide assists objective assessments of matters before the board.

The board comprises three executive and eight non-executive directors. The board includes three female non-executive directors, and three of the non-executive directors are not independent. No individual has unfettered power on the board.

Nan Mankai was appointed to the board as an independent non-executive director effective 10 August 2018.

One-third of the non-executive directors or those who have served for more than three years, and any directors appointed by the board, retire by rotation and offer themselves for re-election by shareholders at the annual general meeting ('AGM'), which is in accordance with the company's memorandum of incorporation ('MOI').

For executive directors, formal employment agreements exist that contain appropriate notice periods (no fixed-term contracts exist) and restraint-of-trade provisions.

The composition of the board and board committees ensures that no individual has unfettered powers of decision-making and authority. There is consequently a clear division of responsibilities at board and board committee level to ensure a balance of power and authority, while at the same time leveraging off synergies among the committees of the board.

The board is chaired by Santie Botha, an independent non-executive director. The chairperson of the board is responsible for, inter alia, ensuring the integrity and effectiveness of the board's governance processes. As Santie Botha is an independent non-executive chairperson, there is no need to appoint a lead independent non-executive director.

The three executive directors comprise the CEO, CFO, and chief investment officer ('CIO').

Abbreviated curricula vitae of the individual directors on the board are contained on pages 38 to 41 of this report.

The board is satisfied that it has an appropriate mix of skills, experience and independence and that a balance of power exists on the board.

A formal induction programme for non-executive directors was formulated and approved in 2017 to assist newly appointed directors with an accelerated onboarding process, enabling them to add value to the board in a relatively short period of time. The programme includes relevant information

on the group, school visits and separate induction sessions with the chairperson of the board, CEO, CFO, company secretary, sponsor and chairpersons of board committees or relevant members of management, depending on the board committees to which the individual is appointed.

Subsequent to year end, the board announced on 19 March 2019 that Tsholofelo Molefe has been appointed as an independent non-executive director of Curro, effective 1 May 2019. Barend Petersen and Hennie Louw have resigned as directors effective 1 May 2019.

Board performance

The board's performance is informed by the quality of the corporate governance of the company, including how the company progresses towards achieving the board-approved vision and strategy. Refer to pages 72 to 85 for details on how the performance of executive directors is measured.

In order to function effectively, the board has opted to meet quarterly, and has an annual strategy meeting in addition thereto. Further details on decision-making powers and limits are contained in the corporate governance framework section of this report. The chairpersons of the board and its committees approve the attendance of any invitees at board meetings. Additional meetings may be convened when it is necessary to do so.

Between formally scheduled meetings of the board, the board applies the appropriate decision-making process in terms of its memorandum of incorporation to ensure effective and efficient decision-making from time to time. Furthermore, the directors have access to all company information, executive management, legal and other expertise, as and when required, at the expense of the company.

The board evaluates its performance, that of its chairperson and its committees biennially through a self-evaluation process that is facilitated by the company secretary. An evaluation of the board and its committees took place in 2018. This evaluation is populated on an anonymous basis and the results are submitted to the chairperson of the board and the board. The findings are discussed at the first board meeting after the process has been concluded and appropriate actions are agreed on to ensure the continued development and effectiveness of and improvement of the board as a whole, the chairperson, and the board committees. The following were the principle conclusions reached by the board:

- the board functions effectively, from a strong ethical base with an emphasis on trust and transparency;
- strong relationships exist between the executive and non-executive directors; and
- the board is recognised as custodian of governance and receives effective reporting back from its committees; and consider its committees to be effective.

Areas of improvement were identified by the board and appropriate action initiated.

The table below illustrates the directors' ages, classification and their tenures of service.

Name of director	Age ²	Classification: independent non-executive/non-executive /executive	Period since appointment
Santie Botha ¹ (appointed on 09/07/2012)	54	Independent non-executive	7 years
Andries Greyling (appointed on 01/02/2007)	49	Executive – CEO	12 years
KK Combi (appointed on 17/08/2012)	67	Independent non-executive	7 years
Hennie Louw ³ (appointed on 27/02/2012)	51	Executive – CIO	7 years
Nan Mankai (appointed on 10/08/2018)	38	Independent non-executive	9 months ²
Piet Mouton (appointed on 01/07/2009)	42	Non-executive	10 years
Prof. Sibongile Muthwa ¹ (appointed on 01/05/2013)	56	Independent non-executive	6 years
Barend Petersen ³ (appointed on 15/04/2011)	59	Independent non-executive	8 years
Douglas Ramaphosa (appointed on 26/01/2018)	62	Independent non-executive	1 year
Bernardt van der Linde (appointed on 01/07/2009)	41	Executive – CFO	10 years
Dr Chris van der Merwe ¹ (appointed on 30/12/1998)	56	Non-executive	20 years (founder)

¹ Retirement by rotation: up for re-election/confirmation of appointment, refer to the notice of AGM (only relevant to non-executive directors). Refer to pages 38 to 41 of this report for the abbreviated curricula vitae.

² As at the date of posting of this annual integrated report.

³ Hennie Louw and Barend Petersen have resigned as directors with effect from 1 May 2019.



#Learners2Leaders: Northriding College

Attendance at board and committee meetings by members

Director	Board meetings	Strategic planning	Audit and risk committee meetings	Remuneration and nominations committee meetings	Social, ethics and transformation committee meetings
Santie Botha	4/4	1/1		2/2	
Andries Greyling	4/4	1/1			
KK Combi	4/4	1/1	2/2	2/2	
Hennie Louw	4/4	1/1			
Nan Mankai	2/2 ³	1/1	1/1		
Piet Mouton	4/4	1/1		2/2	
Prof. Sibongile Muthwa	4/4	1/1	2/2		3/3
Barend Petersen	4/4	1/1	2/2		
Douglas Ramaphosa	4/4	1/1			3/3
Bernardt van der Linde	4/4	1/1			3/3
Chris van der Merwe	4/4	1/1			

³ Appointed on 10/08/2018.

Conflicts of interest

The board has a formal process in place to manage conflicts of interest. In terms of this process, directors are individually obliged to disclose any conflict they may have with regard to a matter for discussion at the board meetings in terms of section 75(5) of the Companies Act. They must disclose the relevant information to the board prior to recusing themselves and leave the meeting so that the unconflicted directors can decide on the matter. In addition to the above, the directors annually disclose their interests in writing. This information is updated as and when the directors submit changes thereto to the company secretary. These written notices are available for inspection at every board meeting and is a standing item on the agenda of board meetings.

Ethics

Curro's code of ethics (and related policies), which sets out the values of the group, together with Curro's protocols on, for example, not tolerating child labour, discrimination, the respecting of human rights-related matters, and emphasising the importance of business integrity and ethics, is approved by the social, ethics and transformation committee, which is a board committee. The company's governance of ethics goes beyond legislated requirements and supports the establishment of a culture of ethics. Management is tasked with the implementation thereof, and Curro's internal control environment has measures in place to monitor these aspects and to enable management to take appropriate action for these types of incidents. Curro requires all its employees to live the Curro values, and material suppliers are made aware of these responsibilities and are required to respect them. Further detail on ethics management is included in the King IV disclosure register.

Governance framework and delegation of powers and responsibilities

Corporate governance framework

Curro's group governance structure has been developed on the basis of the regulatory requirements (i.e. Listings Requirements of the JSE, the Companies Act and King IV) and by taking into account the size and complexity of the business, and at the same time with a focus on how it adds value to the business. The board has appointed an audit and risk committee, a remuneration and nominations committee and a social, ethics and transformation committee to assist it with the performance of its duties. During the year under review it was noted that the transformation committee that had been established in 2016 and the social, ethics and human resources committee were in many ways duplicating issues under discussion. It was agreed that the social, ethics and human resources committee be renamed the social, ethics and transformation committee. Transformation issues are key matters discussed by that committee.

3.7 Corporate governance

The composition of the board committees has been determined by the board to ensure that the skills and experience of the directors are utilised appropriately for the effective functioning of the board committees. The

chairpersons of the board and the committees determine which invitees are requested to attend meetings in order to provide additional insight and to assist discussions at these meetings. The board committees meet in accordance with

Committee name (membership based on legislation)	Number of meetings (minimum requirement)	Committee members (and changes during the year/post year-end)	Committee members attendance at meetings – 2018
<p>Audit and risk committee</p> <p>(consists of four independent non-executive directors)</p>	Twice per annum	<ul style="list-style-type: none"> Barend Petersen (chairperson) Sibongile Muthwa KK Combi Nan Mankai (appointed effective 10/08/2018) <p>Refer to pages 38 to 41 for member profiles.</p> <p>Barend Petersen has resigned as chairperson and member with effect from 1 May 2019. Nan Mankai will become chairperson of the committee with effect from 1 May 2019. Tsholo Molefe will be a member of the committee from 1 May 2019.</p> <p>Invitees:</p> <ul style="list-style-type: none"> Remaining board members External auditors Internal auditors Holding company's financial director Financial managers 	Two meetings were held and all members attended both meetings, except Nan Mankai, who was appointed in August 2018 and attended the second meeting.

their mandates, which are reviewed annually. Conflicts of interest are generally dealt with by board committees in the same manner as that of the board (refer to details thereof on page 67).

Refer to the table below for a summary of the composition of the board committees, the number of meetings, their roles and responsibilities, a statement on the achievement of objectives for 2018 and key focus areas for 2019.

Charter – summary of role and responsibilities	2018 performance and 2019 key focus areas
<p>Review and approve for recommendation to shareholders:</p> <ul style="list-style-type: none"> Appointment of external auditors, the audit strategy and audit fees. <p>Review and approve for recommendation to the board:</p> <ul style="list-style-type: none"> Audited financial results and statements and interim financial results. Changes to risk appetite. The arrangements for ensuring the integrity of information for internal decision-making, underpinned by the formal delegation of authority limits and framework. Curro's going concern status. <p>Review and approve:</p> <ul style="list-style-type: none"> Use of the external auditors for non-audit services and fees in order to ensure their independence is retained. Annually satisfy itself as to the appropriateness of the expertise and the experience of the CFO and finance function of Curro. Any material changes to the group's finance function. A process and system of risk management, and management's risk assessments (inter alia, strategic, financial, technology, health, safety, environment, compliance risks) that have been performed. Internal auditors appointed, their risk-based combined assurance plan and fees (outsourced providers are used), and progress to achieve the plan and outcome of audits completed. <p>Oversight of:</p> <ul style="list-style-type: none"> Assurance functions of the group, i.e. external auditor, internal auditors, finance function, information and technology governance, and compliance governance and risk management. Refer to pages 60 to 62 on risk management-related matters. Refer to page 33 for more detail on IT governance. <p>IT governance:</p> <ul style="list-style-type: none"> Review whether Curro's IT is aligned with the performance and sustainability objectives of Curro and whether the IT assets are managed effectively. Maintain oversight of IT risks and controls, business continuity, business resilience, data recovery, IT security and data privacy and ethical use and management of information. In reviewing these, ensure an integrated approach is followed with linkage to company-wide risk management and strategic alignment. Monitor and evaluate significant IT expenditure. <p>Compliance governance:</p> <ul style="list-style-type: none"> Compliance risk is monitored within the risk reporting and internal audit reports that are submitted to the audit and risk committee and the board so as to ensure that appropriate action is taken by management to mitigate these risks. Management is responsible for ensuring compliance with legislation. 	<p>2018 performance:</p> <p>The committee fulfilled its role in accordance with its charter as summarised for the year ended 31 December 2018.</p> <p>Refer to the audit and risk committee report that forms part of the audited financial statements on pages 89 and 90.</p> <p>The internal auditors include within their internal audit assessments a written statement on the effectiveness of the internal controls. For the year ended 31 December 2018 this was noted as 'satisfactory'.</p> <p>The external auditors have issued an unmodified audit opinion.</p> <p>Compliance governance:</p> <ul style="list-style-type: none"> A policy was formalised in 2017 for reporting to the committee and board on updates and changes to legislation, thereby enhancing the compliance governance of the company. <p>2019 key focus areas:</p> <ul style="list-style-type: none"> Continue to fulfil the committee's mandate.

Committee name (membership based on legislation)	Number of meetings (minimum requirement)	Committee members (and changes during the year/post year-end)	Committee members attendance at meetings – 2018
Social, ethics and transformation committee (consists of three members, two of whom are independent non-executive directors, and one executive director)	Once per annum	<ul style="list-style-type: none"> Sibongile Muthwa (chairperson) Douglas Ramaphosa Bernardt van der Linde Refer to pages 38 to 41 for member profiles. Invitees: <ul style="list-style-type: none"> Andries Greyling Beverley Bennett (Head: Human Resources) – new invitee effective 16/02/2018 Nan Mankai (independent non-executive director) – new invitee effective 20/09/2018 Phakamisa Ndzamela (Strategic Relations Officer) – new invitee effective 20/09/2018 Mari Lategan (Head: Marketing and Communication) – new invitee effective 30/01/2019 	Three meetings were held and all members attended them.
Remuneration and nominations committee (consists of three non-executive directors)	Twice per annum	<ul style="list-style-type: none"> KK Combi (chairperson) Santie Botha Piet Mouton Refer to pages 38 to 41 for member profiles. Invitees: <ul style="list-style-type: none"> Andries Greyling Bernardt van der Linde 	Two meetings were held and all members attended.

The board's governance and management functions are linked through the CEO, Andries Greyling, who is tasked with the running of the business and the implementation of the policies and strategies adopted by the board. Furthermore, the board has empowered Curro's executive directors and management to perform the functions required to implement the strategic direction and plans set by the board, documented in the group's delegation of authority limits, the executive committee charter and the policies of the company. The Curro executive committee ('exco') assists the CEO in fulfilling his mandate. The executive directors and management remain responsible for the effective day-to-day running of the company, with due regard to fiduciary responsibility on the one hand and operational efficiency on the other.

The exco meets at least monthly. Inter alia, this committee monitors business success, budget and business plans, strategic plans for submission to the board, capital management, corporate finance, treasury management and material

developments and/or high risks affecting the business performance and sustainability of the business, and ensures that appropriate action to manage same is taken.

The corporate governance structure includes its subsidiaries. The subsidiaries of the group do not have separate board committees, as the relevant Curro board committees fulfil these roles for those subsidiaries. The exco members who are responsible for those areas report to the board on the subsidiaries at exco meetings, and via the CEO on material matters. Subsidiaries of the group are expected to adopt Curro's policies in so far as they are relevant to the subsidiary's business, and protocols are in place for the approval of policies that are different.

Company secretary

Ian Isdale is Curro's company secretary. The board is satisfied with the competence, qualification and experience of the company secretary.

Charter – summary of role and responsibilities	2018 performance and 2019 key focus areas
Review and approve for recommendation to the board: <ul style="list-style-type: none"> Curro's B-BBEE strategy and plans, transformation targets. Review and approve: <ul style="list-style-type: none"> Policies relating to the social and ethics mandate (inter alia, codes of ethics, whistleblowing, corporate citizenship policies, anti-bribery and corruption, environment, health and safety, transformation). King IV register for publication on Curro's website. Oversight of: <ul style="list-style-type: none"> Curro's performance in the context of legislative requirements that have a social and economic impact, for example the Broad-Based Black Economic Empowerment Act. Monitoring of consumer and stakeholder relationships. Monitoring of compliance with legislative requirements as they pertain to the environment, health, public safety, labour and ethical practices. Monitoring of Curro's responsible citizenship and ethics management practices. King IV application. Compliance with the requirements of section 43 of the Companies Regulations (2011) in terms of the Companies Act. 	2018 performance: <ul style="list-style-type: none"> Enhancement of the transformation journey towards Curro's transformation plan. Evaluation of the B-BBEE compliance certificate and determining the way forward. Reviewing Curro's application of King IV and approving the disclosure register. 2019 key focus areas: <ul style="list-style-type: none"> B-BBEE strategy and plan. Enhancement of stakeholder relationships review.
Review and approve: <ul style="list-style-type: none"> The remuneration policy, remuneration implementation report and levels of authority. Executive directors and exco members remuneration and performance measures. Refer to pages 72 to 85 for the remuneration policy and implementation report. Share scheme model, share option awards, loans of participants. Review and approve for recommendation to the board and shareholders: <ul style="list-style-type: none"> Recommendation of changes to the trust deed of the share incentive scheme. Non-executive directors' fees and changes thereto. Oversight of: <ul style="list-style-type: none"> Appropriate succession plans at executive level. Organisational leadership organogram. Review and approve for recommendation to the board, changes to the composition of the board and its committees. 	2018 performance: <ul style="list-style-type: none"> The remuneration and nominations committee believes it has fulfilled its stated objectives. 2019 key focus areas: <ul style="list-style-type: none"> Refer to page 73 of the remuneration reports.

The company secretary is not a director, nor related to any of the directors or senior leadership of Curro, and the board is satisfied that an arm's length relationship exists between the board and the company secretary. The company secretary has to date maintained a professional relationship with the directors and exco, providing direction on ethical and responsible governance and providing independent advice relating to corporate governance as and when required.

The company secretary is primarily responsible for the administration of the board, Curro and Curro's shareholders in accordance with applicable legislation and procedures. The company secretary is also responsible for informing the board of any failure to comply with Curro's MOI, the Companies Act and other related corporate governance policies of Curro. Board members have unlimited access to the company secretary. The company secretary is responsible for liaison with the Companies and Intellectual Property Commission and the JSE Limited.

The company secretary is responsible for the administration of the policy on board-approved dealings in securities. The policy on dealings in securities is a formal policy that exists so that dealings in Curro securities by directors and specific employees (as identified by the CEO) are managed and monitored so as to ensure adherence to the Listings Requirements of the JSE. The chairperson of the board and one of either the CEO or CFO are mandated to authorise clearance to directors to trade in Curro securities. A similar process is in place for certain employees of the group. No trading is allowed during closed periods, as contemplated in the Listings Requirements of the JSE, or when specific information exists that may materially affect the share price and this information has not been disclosed to the public.

The certificate that the company secretary is required to issue in terms of section 88(2)(e) of the Companies Act is on page 88 of this report.

Chairperson's letter

Dear Shareholders and other stakeholders

Herewith you will find the remuneration report of Curro Holdings Limited, which includes the remuneration policy and the implementation report. The provisions of King IV (read with the Listings Requirements of the JSE) require that these two documents be submitted for non-binding advisory votes at the AGM of shareholders.

The remuneration and nominations committee of Curro Holdings Limited ('remcom') fulfils the role of governing remuneration-related matters, as delegated to it by the board of directors. The remcom consists of KK Combi (independent non-executive director and chairperson of the remuneration and nominations committee), Santie Botha (independent non-executive chairperson of the board), and Piet Mouton (non-executive director). The CEO, Andries Greyling, and the CFO, Bernardt van der Linde, attend meetings of the remcom by invitation, as required. The CEO and CFO recuse themselves from the meeting when a conflict of interest arises or when they are requested to do so. The company secretary, Ian Isdale, is also the secretary of the committee.

The remcom is governed by its charter, which is reviewed annually by the committee and the board of directors. The committee has met twice throughout the financial year ending 31 December 2018, and has fulfilled its responsibilities as set out in its charter and as further described in the remuneration policy.

At the Curro AGM held on 4 June 2018, the remuneration policy received an 84.56% vote in favour thereof (with 15.44% against and 1.33% abstaining), and the implementation report received an 87.91% vote in favour thereof (with 12.09% against and 1.33% abstaining).

Curro believes that ensuring alignment of Curro's remuneration philosophy with the interests of other stakeholders will ensure sustainable growth to the benefit of all parties. Curro aims to reward its employees fairly through competitive remuneration in order to ensure that it retains and attracts high-calibre employees. Some of the factors influencing the remuneration policy include:

- The business strategy, including the short- and long-term goals and objectives of the company.
- An aspiration to adequately reward value that has been created, contributions made and performance.
- Appropriate remuneration benchmarks are applied by considering remuneration trends in both the public and private education sector, as well as other comparable industries with similar attributes.
- The financial position and outlook for the company in the context of the broader economy.
- Remaining cognisant of the level of school fee increases in relation to salary increases.
- The pay gap between executives and the rest of the employees of the company.

In accordance with its charter, the remcom made the following key decisions during 2018:

- Determined the key performance indicators of the short-term incentives ('STIs') for the 2018 financial year.
- Reviewed performance against the 2017 key performance areas and approved STIs for executive directors.

- Reviewed and approved salary increases for the executive directors and the company secretary.
- Reviewed non-executive directors' fees for submission to the shareholders at the AGM.
- Reviewed and approved the share option scheme model, share option awards and net settlement of shares in cash.
- Reviewed the composition of the board and board committees and made recommendations for changes thereto to the board for approval.
- Reviewed the succession plan for key management.
- Reviewed the committee's charter.

Refer to the corporate governance report on pages 64 to 71 for more details on the committee's functioning.

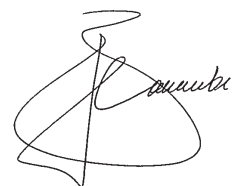
The remcom believes that:

- It was objective and independent when it reviewed the remuneration policy.
- The policy approved in 2018 achieved its stated objectives.
- The committee remained objective and independent when it approved the remuneration of executives and the rest of the company as a whole.
- Our independent advisers were independent and objective in the services they rendered during the year under review.

The focus areas for 2019 include:

- Continuing to implement best practice protocols in accordance with principles set out in this policy.
- Determining performance conditions for the long-term incentive ('LTI') scheme that would be appropriate for Curro's business model.
- Reconsidering the composition of the LTIs.

The committee believes that the Curro remuneration policy and implementation report support the long-term business strategy of the company and recommends that shareholders support the resolutions of the 2019 AGM.



KK Combi
Chairperson: Remuneration and Nominations Committee



2019 Remuneration policy

1. Introduction

The purpose of this policy is to outline the principles according to which Curro remunerates its employees.

Curro wishes to increase access to independent school education across southern Africa. Staff are an instrumental component in achieving that goal, and accordingly, fair and equitable remuneration remains a key focus area for Curro. At 31 December 2018 there were 5 628 employees, of which 158 employees were related to head office. Total remuneration represented 52% (2017: 53%) of revenue generated and 69% (2017: 68%) of operating expenses respectively.

Curro acknowledges that its human capital is an important part of Curro's six integrated reporting capitals. As part of Curro's employee value proposition, Curro remunerates employees with appropriate total-cost-to-company ('TCTC') packages, as well as STIs and LTIs (see explanation below). Curro also offers other benefits, such as a positive working environment and training and skills development programmes. Curro believes the aforementioned factors develop, motivate and retain its skilled employees, which is essential in the education environment.

This policy positively impacts the sustainability of the Curro group and develops the company towards positioning itself as an employer of choice. In so doing, Curro's remuneration policy is aligned to the Curro group's long-term strategy and shareholder value creation.

Curro's remuneration policy consists of three components:

- i. A TCTC package, including benefits such as 13th cheques (guaranteed bonus portion – see below), maternity leave, provident fund contribution, death, disability and dreaded disease benefits, medical aid.
- ii. A short-term cash incentive scheme, linked to the annual performance of the company.
- iii. An LTI scheme (limited in participation) that assists with the retention of key skills within the management of the Curro group and to promote long-term performance.

An internal policy exists to ensure that appropriate governance processes are in place for the approval of individual employees' remuneration and changes thereto. The remuneration of the executive directors, exco members and company secretary (collectively 'executives') is reviewed annually by the remcom, which seeks to ensure that balance is maintained between fixed (cost-to-company packages) and variable (STIs and LTIs) elements of remuneration, as well as between short-term, medium-term and long-term strategic performance objectives. The remcom aims to ensure that the remuneration of executives is fair and responsible to the company, its shareholders and other stakeholders and the executive.

Non-executive directors receive a fixed fee approved annually by shareholders. Further details are set out in section 8 of this policy.

Refer to the corporate governance report on pages 70 and 71 for details on the remcom's composition, purpose, role, mandate, meetings held and attendance thereat.



#Learners2Leaders: Curro Mossel Bay

2. Remuneration mix

The remcom ensures that the mix between remuneration components for executives is weighted towards variable pay in order to encourage the achievement of the short- and long-term financial and strategic goals of the organisation. For employees at other levels in the organisation the total remuneration mix is weighted towards guaranteed pay, as they do not manage the company's overall financial performance.

The table below provides an overview of the categories of Curro employees and their respective remuneration components:

Group	Focus	Strategic view	Remuneration
Executives	Formulate, drive and oversee implementation of strategy	Longest term	Cost-to-company package, *short-term incentive and share options
Head office: professionals and management levels	Operational	Short to long term	Cost-to-company package, **maximum 15th cheque as short-term incentive, share options
Schools: management levels	Operational	Short to long term	Cost-to-company package, **discretionary bonus and share options
Other staff (head office and schools (including teachers))	Support (administration)	Short term	Cost-to-company package and 13th cheque

* The remcom approves the short-term incentive scheme from time to time. The remcom approves the LTIs scheme model (in accordance with the rules approved by shareholders) from time to time.

** The executive directors and executive committee have the discretion to formulate ad hoc incentive schemes that drive performance.

3. Fair and responsible remuneration

Executive remuneration should be fair and responsible in the context of overall employee remuneration. Curro is sensitive to socio-economic challenges and the need to try and address some of these challenges where possible.

The steps taken in this regard include:

- Curro increased its contribution to the provident fund from 1% in 2017 to 2% in 2018.
- A medical benefit, in particular an employer-provided medical benefit plan, has been introduced effective 1 April 2018 for employees earning less than R12 000 per month. This benefit will allow these employees to obtain covered medical assistance for basic medical care.
- Assistance with school fees provided for employees whose children attend Curro schools.
- Ensuring that the lowest-paid employees receive remuneration above the minimum wage level.
- Curro has embarked on a skills development and training drive to train and upskill staff across the Curro group.

4. Total-cost-to-company packages

The TCTC packages of employees are determined and reviewed annually, and changes thereto are effective 1 March of each year. These packages take into account individual performance, company performance, the macroeconomic environment, industry standards, level of responsibility that the individual assumes, business complexity and external salary benchmarks where relevant. Competitive TCTC remuneration packages allow Curro to attract and retain skills that the group requires to implement its business strategy.

Curro makes use of the following external remuneration benchmarks:

School employees (about 97% of total employees)

- Teachers and specialised employees and management: competitor salaries/state schools' salary statistics
- Other employees at schools: general market comparisons

Head office employees (about 3% of total employees)

- Administrative employees and non-management employees: general market comparisons
- Specialised functions/professionals: industry-specific comparisons
- Executives: publicly available information from the industry, together with surveys on executive pay for listed companies per industry as and when available, and total remuneration components

Curro believes that these benchmarks provide reliable information to assist with remuneration decisions on a comprehensive and informed basis.

The remcom reviews the salary packages of executives. The average salary increases of these individuals are usually similar to the general employees' average salary increases, unless there are specific reasons to determine otherwise, for example when an individual is promoted.

The remcom reviews whether the total consolidated increases to the salary packages of employees of the company, together with the total STIs considered annually, are commensurate with the size and complexity of the business. The remcom approves the levels of authority with respect to who may approve increases to the packages of employees in the different areas and on the different levels within the company. The benefits available to employees include a guaranteed 13th cheque; maternity leave, provident fund contribution, death, disability and dreaded disease benefits, medical aid (including a new medical aid scheme for employees earning below R12 000 per month).

5. Short-term incentives

Curro believes in rewarding good performance that is dependent on the performance of the company. This reward is delivered in the form of a cash bonus. STIs are not guaranteed and are paid at the discretion of the remcom. The purpose of STIs is to encourage and promote the continued and consistent focus on the implementation of Curro's group strategy and to appreciate and recognise achievements. They also assist in retaining the group's top performers. STIs are usually paid to employees who fall within the management levels of the group.

The STIs are considered annually when the audited/reviewed results of Curro are available, and are usually payable in February or March every year. The STIs for employees other than the executives are approved by the committees/individuals as set out in the remcom-approved levels of authority.

The STIs for the executive directors and exco members have been simplified from the 2018 policy statement to focus on the key drivers of the business.

The following targets and weighting will be applicable for STIs 2019:

	Weighting for on target	< Minimum	On target	Stretch
Bonus allocation		0%	25%	40%
Net learner number growth*	0%–40%	7.5%	9.0%	12.0%
Learner:leaver ratio	0%–40%	18%	16%	14%
HEPS growth	0%–40%	20%	30%	40%
Personal KPIs	25%			
Bonus weighting per executive				
CEO	100%			
CFO, business managers, academic head	80%			
CIO	70%			
Other exco members	60%			

* Excluding acquisitions but including greenfields.

Learner growth and retention have a significant operational gearing effect on the bottom line of the company. Management will have to focus on service delivery for this.

For management to achieve the HEPS target, in addition to reducing the leaver ratio, it will have to focus on reducing costs, the collection of school fees in order to reduce bad debts, and capital investments to reduce depreciation and interest expenses.

The remcom annually reviews and approves the key performance measures and bonus pools of the executives and compares the achievement with these measures when the total remuneration packages of the members are revised.

6. Long-term incentives

Introduction

Curro believes that the retention of key skills in the group is important for the sustainability of the group and that LTIs assist in doing so. Furthermore, LTIs align the interests of participants to the medium- to long-term strategic objectives of the company. At the same time, they illustrate Curro's commitment and loyalty towards the participants. Curro's LTIs consist of a share option scheme. A key feature of Curro's share option scheme is that participants will only benefit if there is long-term share price appreciation, which should ultimately depend on sustained growth in headline earnings per share as a result of Curro's business and management activities.

The share option scheme also ensures a rolling long-term focus for participants, considering the annual vesting of share options in 25% tranches on the second, third, fourth and fifth anniversaries of the award date and subsequent award top-ups as detailed below. During 2019 the remcom will review performance criteria for future vesting conditions.

The Curro shareholders approved the share option scheme rules that govern a range of principles such as share option awards, eligibility criteria to be a participant, vesting rules, as well as, for example, how to deal with circumstances when an employee retires, is retrenched or in the case of their death. The shareholders approved certain changes to the rules of the share option scheme at the 2018 AGM that:

- Allow the board to determine and set performance measures that will apply to the vesting of options awarded in terms of the Share Incentive Scheme.
- Allow the company to settle exercised options on a net equity basis, by way of cash payments, or through the issue and allotment of ordinary shares in the company.
- Grant the board the discretion to determine that options that have been awarded by the company will lapse, where the board determines, in its sole discretion, that the participant is guilty of misconduct or poor performance.
- Increase the required loan cover ratio applicable to loans made by the company to participants in the Share Incentive Scheme from 130% to 200%.

Award

Share options are awarded annually at the discretion of the remcom. The number of share options to be awarded is calculated on the basis of the respective employees' base salary and a multiple of between one time and seven times applied thereto, depending on the employee's seniority and level of responsibility assumed within the organisation, and subject to their performance. In determining the top-up calculations for the annual share option award, the value of unvested past share option awards is taken into account. All share options are awarded at a strike price equal to Curro's 30-day volume-weighted average share price immediately preceding such award date. This strike price ensures an automatically embedded performance hurdle in that participants will only benefit from the share option scheme if there is a long-term share price appreciation and thus value creation for Curro shareholders.

The total consolidated number of options to be awarded annually is a matter to be decided and approved by the remcom. The remcom is responsible for approving the annual awards for specific participants (executive directors, exco, company secretary, executive heads, heads of departments and operational heads). The approval of share option awards for other senior managers/middle managers/junior managers who qualify for participation in the share option scheme is delegated to the CEO, CFO and company secretary by the remcom. This approval occurs subject to these awards being within the factor ranges that the remcom has set and the remcom being notified once awards have been made.

Vesting

The remcom recognises that shareholders ordinarily prefer specific targets also to be set for the vesting of long-term incentives. A popular measure is the return on equity (ROE). This encourages management to consider the long-term consequences of investment decisions. In stable companies it carries merit.

The remcom has also, inter alia, considered the inclusion of a measure for ROE, which is currently at 4.8%. It has, however, decided that it might encourage actions that are not appropriate in the current lifecycle of Curro. The prospect remains positive and that within the next decade, the ROE goal of the company is to exceed 25%.

Key drivers on which management focuses and that are included in STIs are:

- Growth in learner numbers (which includes retention of learners) and fees, which can only be achieved when value and good service are delivered to customers.
- Margin increase by focusing on operational efficiencies.
- Considerate capital spending.

3.8 Remuneration reports

The remcom has however decided that for LTIs the following targets will apply:

Vesting date	Current	Sep 2021	Sep 2022	Sep 2023	Sep 2024
Financial year	2018	2020	2021	2022	2023
EBIT Margin*	19.0%	20.0%	20.5%	21.0%	21.5%

*Significant acquisitions might be excluded from this measure.

There are no vesting conditions for rights issued before 2019.

In addition, shares awarded to employees are at the market options so without share price appreciation, which will only coincide with long-term value creation, management will derive no benefit from the LTI.

Limits

The limits of the number of shares that may be utilised for purposes of the share option scheme are fixed and determined by Curro shareholders from time to time, as required by the Listings requirements of the JSE.

As set out in ordinary resolution number 14 of the annual general meeting notice, the remcom is recommending the increase of the maximum number of shares that may be utilised for purposes of the share option scheme by 10 million shares in order to allow for increased participation in the scheme by current and future participants.

Below is a summary of the shares already utilised up to December 2018:

	Number of shares	Portion utilised	As % of shares in issue
For all participants			
Cumulative utilised	17 390 131	90%	4.2%
Current unvested	7 069 625	37%	1.7%
Maximum that may be utilised	19 354 954	100%	4.7%
Per individual participant			
Cumulative utilised	1 903 899	49%	0.5%
Current unvested	538 625	14%	0.1%
Maximum that may be utilised	3 870 990	100%	0.9%

Loan funding

Loan funding is available to employees to assist them in exercising their share options and in remaining invested in Curro. This funding is provided on the following terms:

- Maximum loan funding of 90% of the strike price and section 8C income tax payable in respect of the vesting of share options (i.e. a cash deposit of 10% is required from the employee).
- The Curro shares acquired through the exercising of share options are ceded as security and need to cover the outstanding loan by at least two times at all times. This measure was increased from 1.3 to at least two times on all new loans provided effective 2018.
- Interest on the outstanding loan accrues at the South African Revenue Service fringe benefit rate.
- Loans are repayable in full after three years.

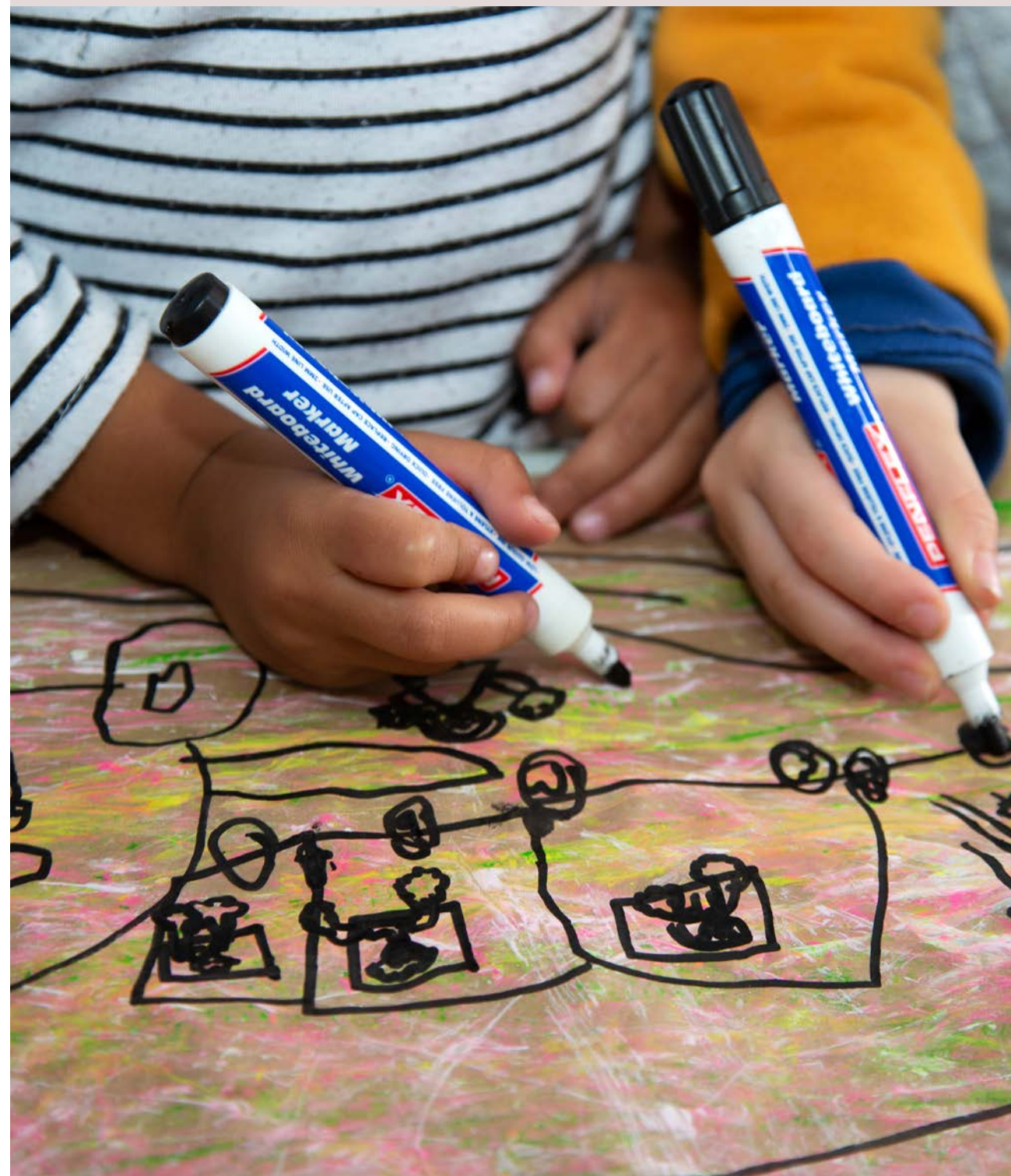
Termination of service

In the case of resignation, dismissal or early retirement (before attaining the age of 65 years) of a participant (i.e. bad leaver), unvested share options are generally forfeited.

In the case of permanent disability, compulsory retirement (attaining the age of 65 years), death or retrenchment of a participant (i.e. good leaver), any share options capable of being exercised within a period of 12 months thereafter will generally continue to be exercisable, provided they are exercised during such 12 months. However, in the case of the termination of employment for any reason other than dismissal, the remcom may at its absolute discretion permit the exercising of any unvested share options upon such additional terms and conditions as it may determine (e.g. as part of non-compete provisions in the case of the early retirement of an executive).

7. Executive contracts

Executives have a notice period of two months, with between one and three months for all other employees, depending on the role requirements, to ensure continuity of the operations and alignment with market practice. Executive directors have an unpaid restraint of trade for 24 months. Curro employees (including executives) are not entitled to any payments upon termination of their service, except for those provided for by law (e.g. accrued annual leave and retrenchment payments).



3.8 Remuneration reports

There are no retention-based payments made to Curro employees, although the remcom has the discretion to make such payments where the need arises. LTI awards vest in line with the shareholder-approved rules.

Executive directors are permitted to serve as non-executive directors in other companies with the prior approval of the chairperson of the board. Any remuneration payable for these duties is taken into account when remuneration reviews take place. In certain instances, incoming appointees may be awarded LTIs as a sign-on award.

8. Non-executive directors' fees

Non-executive directors' fees are reviewed annually by the remcom, taking into account external public research information that is available on non-executive directors' fees, affordability, and the increases awarded to the average employee's salary. The remcom's recommendation is submitted to the board, which then considers it for recommendation to the shareholders for approval at the company's AGM.

The company's memorandum of incorporation as approved by the shareholders of the company allows for a disinterested quorum of the board to determine such additional amounts of fees/remuneration to be paid in the event a director provides services that fall outside the scope of the ordinary duties of a non-executive director. Non-executive directors do not receive share options.

As part of his transition from CEO to non-executive director, Dr Chris van der Merwe was requested by the company to fulfil the role of strategic adviser to the executive team and the board up to 30 June 2018. For this additional role, Dr Van der Merwe received a strategic adviser fee of R720 000 per annum (in addition to his fees as a non-executive director). Dr Van der Merwe no longer qualifies for the payment of a discretionary bonus, nor for the awarding of further share options. His unvested share options, the last of which were awarded to him in 2016, will vest in accordance with the rules of the share option scheme.

Refer to page 172 of the notice of AGM for details on the proposed fees for 2019. Refer to the implementation report for the details on the non-executive directors' remuneration paid in the 2018 financial year.

The proposed fees for non-executive directors are as follows:

Non-executive directors' fees (excluding value-added tax)	Annual fee 2019
Board	
Chairperson of the board	R550 000
Board members	R250 000
Chairpersons of the board committees	
Audit and risk committee	R150 000
Remuneration and nominations committee	R100 000
Social, ethics and transformation committee	R100 000
Members of board committees	
Audit and risk committee	R80 000
Remuneration and nominations committee	R80 000
Social, ethics and transformation committee	R50 000

Notes:

1. Fees are paid for services rendered as non-executive directors and are not based on meetings attended.
2. Value added tax ('VAT') is payable thereon if the non-executive director is VAT registered.

9. Shareholder non-binding advisory vote

This remuneration policy is updated from time to time, and together with the implementation report, is submitted to the shareholders of Curro annually at its AGM for two separate non-binding advisory votes.

In accordance with the Listings requirements of the JSE, in the event that 25% or more votes are exercised against the remuneration policy and/or the implementation report, Curro will:

- Include in a statement in its AGM voting results published via Stock Exchange News Service an invitation to the dissenting shareholders to engage with Curro together with the manner and timing of this engagement.
- Address legitimate concerns raised by taking these into account with the annual review of the remuneration policy and/or by clarifying or adjusting remuneration governance processes.

The methods of engagement may include face-to-face meetings, teleconferences, emails and other written correspondence.

In the circumstances described above, the results of the shareholder engagement will be disclosed in the introduction of the successive remuneration report.

Implementation report for the year ended 31 December 2018

Human capital is a critical component of Curro's business success, as our people are key to the quality of education that we provide through our schools. Curro has 5 628 employees, and approximately 69% of operating expenses consist of remuneration for employees.

The remcom believes it has achieved its objectives set out in the remuneration policy for 2018. There were no material deviations from the remuneration policy.

	2016	2017	2018
Total remuneration			
Total number of employees	4 723	5 369	5 628
Guaranteed pay and company contributions (R million)	911	1 086	1 264
Short-term incentives (R million)	11	4	10
IFRS2 share-based payments expense (R million)	14	17	16
Total remuneration* (R million)	936	1 107	1 290
As percentage of revenue	53%	53%	52%
Remuneration of prescribed officers and executive committee**			
Number of employees	6	9	11
Guaranteed pay (R million)	11	13	19
Short-term incentives (R million)	8	2	6
IFRS2 share-based payments expense (R million)	6	7	6
Total of guaranteed pay and short-term incentives (R million)	25	22	31
Short-term incentives as a percentage of guaranteed pay	73%	15%	32%
Total of guaranteed pay as a percentage of revenue	1.4%	1.0%	1.2%
Total of guaranteed pay as a percentage of EBITDA	6.2%	4.7%	4.9%

Notes

* Total remuneration includes total short-term incentives and the IFRS2 share-based payments expenses relating to the Share Incentive Trust.

** Two new exco members started on 1 January 2018 in the roles of Business Manager: Meridian Schools and Manager: Human Resources, taking the total number of exco members to 11.

Single total figure remuneration for executives in FY 2018

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

*Based on performance for the 2017 financial year.

3.8 Remuneration reports

Single total figure remuneration for executives in FY 2017

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

*Salary and emoluments as CEO until 30 June 2017.

**Based on performance for the 2016 financial year.

For further details, including the single total figure of remuneration, refer to note 39 of the annual financial statements (AFS) on page 157 for the directors' and prescribed officers' emoluments.

Total-cost-to-company packages

Increases are provided to staff annually with effect from 1 March. For the 2018 year, the general annual salary increase was 5%, with a 1% increase to the employer contribution to the provident fund. With the exception of where there were changes in responsibilities, the increases for executives were in line with those for the rest of the staff.

Short-term incentives

STIs are paid annually in February or March following the financial and academic results of the prior year and the learner enrolments for the following financial year. The March 2018 amount paid to the exco was R2 million, which was the bonus pool approved by the remcom in February 2018. This amount was accrued as an expense in the 2017 financial year. The remcom's approval process for STIs took into account a review of the exco's achievement against the 2017 key performance indicators that were approved for that year in February 2017 and reviewed in February 2018 (once reviewed and/or audited information was available).

Executives met some of the key performance indicators that had been set for the 2017 financial year, which consisted of financial indicators (EBITDA, headline earnings and learner numbers) and non-financial indicators (academic results, reputation management and employment equity targets).

Other employees, who mainly comprise general managers, executive heads and selected head office personnel, might also receive an additional bonus in March based on specific outcomes achieved by the individual.

The STIs as set out in the 2018 Remuneration policy for the 2018 financial year was paid in February 2019 and which will be included in the 2019 Financial Statements for the individuals were as follow:

2018 BONUS POOL CALCULATION FINANCIAL GOALS	EXECUTIVE TEAM					
	CEO	CFO	CIO	Business Manager 1&2	Academic	Operational
Minimum target	45.0%	37.5%	12.8%	25.5%	15.0%	18.0%
On target	60.0%	50.0%	17.0%	34.0%	20.0%	24.0%
Stretch target	72.0%	60.0%	20.4%	40.8%	24.0%	28.8%
Actual	45.0%	37.5%	12.8%	25.5%	15.0%	18.0%
EMPLOYMENT EQUITY						
Minimum target	3.8%	3.8%	2.3%	11.3%	7.5%	4.5%
On target	5.0%	5.0%	3.0%	15.0%	10.0%	6.0%
Stretch target	6.0%	6.0%	3.6%	18.0%	12.0%	7.2%
Actual	4.4%	4.4%	2.6%	11.7%	8.8%	5.3%
ACADEMIC						
Minimum target	7.5%	0.0%	0.0%	12.0%	30.0%	7.5%
On target	10.0%	0.0%	0.0%	16.0%	40.0%	10.0%
Stretch target	12.0%	0.0%	0.0%	19.2%	48.0%	12.0%
Actual	11.5%	0.0%	0.0%	16.3%	46.0%	11.5%
EXPANSIONS: *						
Minimum target	7.5%	3.8%	30.0%	3.8%	0.0%	0.0%
On target	10.0%	5.0%	40.0%	5.0%	0.0%	0.0%
Stretch target	12.0%	6.0%	48.0%	6.0%	0.0%	0.0%
Actual	11.0%	5.5%	40.3%	5.0%	0.0%	0.0%
DEPARTMENTAL/PERSONAL KPIS						
Target	15.0%	20.0%	10.0%	10.0%	10.0%	20.0%
Actual	15.0%	16.6%	5.1%	6.0%	10.0%	9.7%
ADDITIONAL BONUS FOR SURPASSING STRETCH TARGETS						
Potential	17.0%	12.0%	12.0%	14.0%	14.0%	8.0%
Actual	5.3%	0.0%	0.0%	0.0%	7.1%	0.7%
TOTAL BONUS OPPORTUNITY						
Minimum target	78.8%	65.0%	55.0%	62.5%	62.5%	50.0%
On target	100.0%	80.0%	70.0%	80.0%	80.0%	60.0%
Stretch target	117.0%	92.0%	82.0%	94.0%	94.0%	68.0%
MAXIMUM ADDITIONAL BONUS FOR SURPASSING STRETCH TARGETS						
Potential	17.0%	12.0%	12.0%	14.0%	14.0%	8.0%
Actual	92.2%	64.0%	60.7%	64.5%	86.8%	45.2%
Executives	1	1	1	2	1	5
Bonus	2 400	1 343	1 192	2 321	1 200	3 001
Average bonus	2 400	1 343	1 192	1 161	1 200	600

3.8 Remuneration reports

Long-term incentives (R million)

	2016	2017	2018
Realised gains on vesting (all participants)	77	30	9
Realised gains on vesting (prescribed officers and exco)	44	16	3
Outstanding loans to participants*	31	44	22

*The average loan-to-value ratio at 31 December 2018 was 1.7 times and each individual borrower exceeded the minimum ratio of 1.3.

There are 171 (2017: 162) participants in the Share Incentive Trust as at 31 March 2019.

Details of share awards made to Executive directors are set out in the table below:

Director	Share options award date	Final option vesting date	Exercise price per share option (Rand)*	Opening balance of share options awarded at 1 January 2018	Number of share options awarded during the year	Number of share options vested during the year	Closing balance of share options as at 31 December 2018	Gain on vesting of options**	Value of unvested share options as at 31 December 2018*** R'000
CR van der Merwe	2013/09/29	2018/09/29	11.51	100 393	–	(100 393)	–	1 505	–
	2014/09/29	2019/09/29	18.24	67 100	–	(33 550)	33 550	277	244
	2015/09/29	2020/09/29	29.01	147 900	–	(49 300)	98 600	–	–
	2016/09/29	2021/09/29	36.21	140 200	–	(35 050)	105 150	–	–
				455 593	–	(218 293)	237 300	1 782	244
AJF Greyling	2013/09/29	2018/09/29	11.51	59 298	–	(59 298)	–	889	–
	2014/09/29	2019/09/29	18.24	46 950	–	(23 475)	23 475	194	171
	2015/09/29	2020/09/29	29.01	90 450	–	(30 150)	60 300	–	–
	2016/09/29	2021/09/29	36.21	95 800	–	(23 950)	71 850	–	–
	2017/09/29	2022/09/29	37.53	273 700	–	–	273 700	–	–
2018/09/29	2023/09/29	30.54	–	109 300	–	109 300	–	–	
			566 198	109 300	(136 873)	538 625	1 083	171	
B van der Linde	2013/09/29	2018/09/29	11.51	42 982	–	(42 982)	–	644	–
	2014/09/29	2019/09/29	18.24	39 350	–	(19 675)	19 675	163	143
	2015/09/29	2020/09/29	29.01	63 525	–	(21 175)	42 350	–	–
	2016/09/29	2021/09/29	36.21	67 200	–	(16 800)	50 400	–	–
	2017/09/29	2022/09/29	37.53	167 700	–	–	167 700	–	–
2018/09/29	2023/09/29	30.54	–	96 500	–	96 500	–	–	
			380 757	96 500	(100 632)	376 625	807	143	
HG Louw	2013/09/29	2018/09/29	11.51	45 728	–	(45 728)	–	685	–
	2014/09/29	2019/09/29	18.24	31 750	–	(15 875)	15 875	131	115
	2015/09/29	2020/09/29	29.01	65 475	–	(21 825)	43 650	–	–
	2016/09/29	2021/09/29	36.21	68 800	–	(17 200)	51 600	–	–
	2017/09/29	2022/09/29	37.53	114 900	–	–	114 900	–	–
2018/09/29	2023/09/29	30.54	–	88 800	–	88 800	–	–	
			326 653	88 800	(100 628)	314 825	816	115	
			1 729 201	294 600	(556 426)	1 467 375	4 488	673	

* Exercise price is the strike prices adjusted for corporate actions (rights issues and unbundling of shares).

** Share price on date of exercise to calculate the gain was R26.50.

*** The unrealised portion in the money amount was calculated by multiplying the unvested number of shares by the market price of the share at 31 December 2018 being R25.51.

Refer to note 17 of the AFS on page 140 for further details on the share-based payments.

Non-executive directors' fees

	2016	2017	2018
Remuneration (R'000)	1 358	1 564	2 083
Growth	10.4%	15.2%	33%

The fees paid to non-executive directors in the 2018 financial year included the following:

Name	2017 R'000	2018 R'000
SL Botha	470	494
ZL Combi	267	280
ZN Mankai		120
PJ Mouton	204	214
SWF Muthwa	267	280
B Petersen	254	267
DM Ramaphosa		214
CR van der Merwe*	462	604
	1 924	2 473

*Includes fees for acting as a strategic adviser to Curro.

Fees for non-executives for the 2018 financial year were increased by an average of 5%, as approved by shareholders at the previous AGM. The larger increase in growth percentage in total fees when compared to prior years was largely attributable to the appointment of Douglas Ramaphosa and Zandile Mankai as non-executive directors from 26 January 2018 and 10 August 2018 respectively.

For further details, refer to note 39 of the AFS on page 157 for the directors' and prescribed officers' emoluments.



#Learners2Leaders: Cooper College

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

Directors' responsibilities and approval	87
Company secretary's certification	88
Audit and risk committee report	89
Directors' report	91
Independent auditor's report	95
Consolidated and separate statements of financial position	100
Consolidated and separate statements of comprehensive income	101
Consolidated and separate statements of changes in equity	102
Consolidated and separate statements of cash flows	104
Accounting policies	105
Notes to the consolidated and separate annual financial statements	122
Shareholder analysis	167



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

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

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

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

The directors have reviewed the consolidated and separate cash-flow forecast for the year to 31 December 2019 and, in the light of this review and the current financial position, they are satisfied that the group and the company have or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 95 to 99.

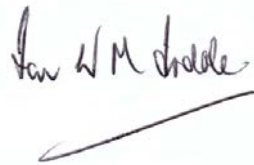
The consolidated and separate annual financial statements set out on pages 100 to 167, which have been prepared on the going concern basis, were approved by the board of directors on 13 February 2019 and were signed on their behalf by:

SL Botha
Chairperson of the Board
Durbanville
13 February 2019

AJF Greyling
Chief Executive Officer

Company secretary's certification

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



IWM Isdale
 Company Secretary
 Durbanville
 13 February 2019



#Learners2Leaders: Curro Academy Mahikeng

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

1. Members of the audit and risk committee

The members of the committee are independent non-executive directors.

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

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

2. Purpose

The purpose of the committee is to:

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

3. Meetings held by the audit and risk committee

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

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

4. External audit

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

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

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

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

5. Internal audit

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

6. Consolidated and separate annual financial statements

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

7. Accounting practices and internal control

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

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

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

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

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

9. Complaints and/or concerns

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

On behalf of the committee



B Petersen
Chairperson of the Audit and Risk Committee

Durbanville
13 February 2019

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

1. Nature of business

Overview

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

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

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

Group financial results

Continuing operations

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

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

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

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

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

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

Group (including discontinued operations)

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

Investment and expansion

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

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

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

2. Share capital

No changes occurred to issued share capital during 2018.

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

3. Control over unissued shares

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

4. Dividends

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

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

5. Directorate

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

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

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

6. Shareholding of directors

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

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

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

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

7. Interests in subsidiaries and associates

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

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

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

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

8. Holding company

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

9. Ultimate holding company

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

10. Special resolutions

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

11. Events after the reporting period

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

12. Going concern

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

13. Auditors

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

14. Secretary

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

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Durbanville
Cape Town
South Africa
7551

Business address 38 Oxford Street
Durbanville
Cape Town
South Africa

15. Sponsor

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

16. Corporate governance

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

17. Report of the audit and risk committee

The report of the audit and risk committee, as required in terms of section 94(7)(f) of the Companies Act of South Africa of 2008, is set out on pages 89 and 90 of the consolidated and separate annual financial statements

To the Shareholders of Curro Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Curro Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Curro Holdings Limited's consolidated and separate financial statements set out on pages 100 to 166 comprise:

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

Basis for opinion

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

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

Independence

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

Our audit approach

Overview



Overall group materiality

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

Group audit scope

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

Key audit matters

Impairment assessment of goodwill and other indefinite-lived intangible assets

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

Materiality

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

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

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

How we tailored our group audit scope

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

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

Key audit matters

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

Key audit matter

Impairment assessment of goodwill and other indefinite-lived intangible assets

The consolidated and separate financial statements include goodwill with a carrying value of R520 million (Group level) and R73 million (Company level) and other indefinite-lived intangible assets comprising of trademarks with a carrying value of R98 million (Group level) and R19 million (Company level) (Refer to note 5 and 6 to the consolidated and separate annual financial statements in this regard).

Goodwill acquired in a business combination and intangible assets with indefinite useful lives is tested for impairment annually, irrespective of whether any indications of impairment exist in accordance with the requirements of IAS 36 - Impairment of Assets. (Refer to note 1.11 of the Accounting Policies in this regard).

As disclosed in note 5 to the consolidated and separate annual financial statements, the recoverable amounts of the cash generating units (CGU's) to which goodwill acquired in a business combination and trademarks belong, has been determined based on value in use calculations. The key assumptions used by management in determining value-in-use include; discount rates, growth in learner numbers and terminal growth rates. These unobservable inputs require management to apply a degree of judgement and estimation.

The impairment assessment is considered to be a matter of most significance to our current year audit due to the degree of judgement and estimation applied by management in their value-in-use calculation.

No impairment has been recognised in the current year (Refer to note 5 and 6 to the consolidated and separate annual financial statements in this regard).

How our audit addressed the key audit matter

In testing management's impairment calculation:

- We tested the mathematical accuracy of the calculations for each CGU,
- We challenged the key inputs used in the calculation, such as learner numbers and tuition fee growth rates, by comparing these to actual enrolment figures and increased tuition fees for 2019. The key assumptions applied by management were found to be consistent with actual fees and learner number growth,
- To test the robustness and reasonability of management's cash flow forecasts, we compared the actual cash flows for 2018 to the forecasted cash flows used in the prior year's calculations. The actual results were consistent with forecasted results, and
- We compared the discount rates used by management to our internally developed benchmarks, which are based on various economic indicators. The discount rates used by management were within a reasonable range of our internally developed benchmarks.

Other information

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

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: D de Jager

Registered Auditor

Stellenbosch

13 February 2019

ANNUAL FINANCIAL STATEMENTS

Consolidated and separate statements of financial position
for the year ended 31 December 2018

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

ANNUAL FINANCIAL STATEMENTS

Consolidated and separate statements of comprehensive income
for the year ended 31 December 2018

	Note(s)	Group		Company	
		2018 R million	2017 R million	2018 R million	2017 R million
Revenue from contracts with customers	24	2 496	2 098	1 927	1 642
Operating expenses		(1 869)	(1 626)	(1 467)	(1 321)
Earnings before interest, taxation, depreciation amortisation (EBITDA)		627	472	460	321
Depreciation and amortisation		(154)	(131)	(138)	(112)
Earnings before interest and taxation (EBIT)	25	473	341	322	209
Investment income	26	55	41	83	74
Profit on sale of property, plant and equipment		–	13	–	1
Impairment	38	–	–	(113)	–
Share of (loss)/profit of associates		(1)	1	–	–
(Loss)/profit on disposal of investment in associate		(1)	–	4	–
Finance costs	27	(193)	(119)	(134)	(49)
Profit before taxation		333	277	162	235
Taxation	28	(91)	(75)	(83)	(66)
Profit for the year from continuing operations		242	202	79	168
Discontinued operations					
Loss for the year from discontinued operations	46	–	(4)	–	–
Profit for the year		242	198	79	168
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operation		(1)	–	–	–
Effects of cash flow hedges	31	8	(18)	8	(18)
Total items that may be reclassified to profit or loss		5	(13)	6	(13)
Total comprehensive income (loss) for the year		247	185	85	155
Profit (loss) attributable to:					
Owners of the parent					
For continuing operations		248	213	79	168
For discontinued operations		–	(4)	–	–
Non-controlling interests					
For continuing operations		(6)	(11)	–	–
		242	198	79	168
Total comprehensive income (loss) attributable to:					
Owners of the parent					
For continuing operations		253	200	85	155
For discontinued operations		–	(4)	–	–
Non-controlling interests					
For continuing operations		(6)	(11)	–	–
		247	185	85	155
Earnings per share (cents)					
For continuing operations	32	60.0	51.9		
For discontinued operations	32	–	(0.9)		
		60,0	51,0		
Diluted earnings per share (cents)					
For continuing operations	32	59.8	51.7		
For discontinued operations	32	–	(0.9)		
		59,8	50,8		

ANNUAL FINANCIAL STATEMENTS

Consolidated and separate statements of changes in equity
for the year ended 31 December 2018

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

ANNUAL FINANCIAL STATEMENTS

Consolidated and separate statements of changes in equity
for the year ended 31 December 2018

	Share capital R million	Hedging reserve R million	Share based payments reserve R million	Total reserves R million	Retained income R million	Total attributable to equity holders of the group R million	Total equity R million
Company							
Balance at 1 January 2017	4 677	1	22	23	141	4 841	4 841
Profit for the year	–	–	–	–	168	168	168
Other comprehensive loss	–	(13)	–	(13)	–	(13)	(13)
Total comprehensive income for the year	–	(13)	–	(13)	168	155	155
Issue of shares	150	–	–	–	–	150	150
Share issue costs	(1)	–	–	–	–	(1)	(1)
Employees share option plan: Proceeds of shares issued	57	–	–	–	–	57	57
Recognition of share-based payments	–	–	17	17	–	17	17
Exercise of share options	–	–	(12)	(12)	12	–	–
Unbundling of Stadio Holdings	–	–	–	–	(322)	(322)	(322)
Transfer of assets under common control	–	–	–	–	–	–	–
Total contributions by and distributions to owners of the company recognised directly in equity	206	–	5	5	(310)	(99)	(99)
Balance at 31 December 2017	4 883	(12)	26	14	(1)	4 896	4 897
Adjustment due to the initial application of IFRS 9 and IFRS 15	–	–	–	–	(31)	(31)	(31)
Balance at 1 January 2018	4 883	(12)	26	14	(32)	4 865	4 866
Profit for the year	–	–	–	–	78	78	78
Other comprehensive income	–	6	–	6	–	6	6
Total comprehensive income for the year	–	6	–	6	78	84	84
Recognition of share-based payments	–	–	16	16	–	16	16
Exercise of share options	–	–	(26)	(26)	16	(10)	(10)
Total contributions by and distributions to owners of the company recognised directly in equity	–	–	(10)	(10)	16	6	6
Balance at 31 December 2018	4 833	(6)	17	10	63	4 955	4 956
Note(s)	16	18 & 31	17				

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

1. Presentation of consolidated and separate annual financial statements

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

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

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

1.1 Fair value

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

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

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

1.2 Consolidation

Basis of consolidation

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

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

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

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

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

1.2 Consolidation (continued)

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

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

Business combinations

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

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

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

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

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

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

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

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

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

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

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

1.3 Investment in associates

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

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

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

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

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

1.4 Property, plant and equipment

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

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight line	Not depreciated
Buildings	Straight line	75 to 99 years
Furniture and fixtures	Straight line	6 years
Office equipment	Straight line	6 years
Premises equipment	Straight line	5 years/6 years
School equipment	Straight line	5 years/6 years
Motor vehicles	Straight line	5 years
Computer equipment	Straight line	3 to 10 years

1.4 Property, plant and equipment (continued)

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

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

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

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

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

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

1.5 Intangible assets

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

1.6 Investment in and loans to subsidiaries and associates

Company annual financial statements

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

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

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

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

1.7 Financial instruments

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

Classification of financial assets and financial liabilities

Financial assets

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

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

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

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

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

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

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

Financial liabilities

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

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) group companies

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

Loans to group companies are measured at amortised cost.

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

Loans to shareholders, directors, managers and employees

These financial assets are measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The group and company holds trade receivables with the objective to collect the contractual cash flows. The group and company apply the IFRS 9 simplified approach to measuring expected credit losses that uses a lifetime expected loss allowance for trade receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdrafts and borrowings

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

Hedging activities

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

The group and the company designate certain derivatives as either:

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

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

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

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

Cash flow hedge

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

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

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

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

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

For the comparative year 2017: Financial Instruments**Classification**

In the prior year, the group and the company classified financial assets and financial liabilities into the following categories:

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

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

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

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

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

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

Impairment of financial assets

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

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

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

Impairment losses were recognised in profit or loss.

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

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

Reversals of impairment losses were recognised in profit or loss

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

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

Loans to (from) group companies

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

Loans to group companies were classified as loans and receivables.

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

Loans to shareholders, directors, managers and employees

These financial assets were classified as loans and receivables.

Trade and other receivables

Trade receivables were measured at initial recognition at fair value, and were subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts were recognised in profit or loss when there was objective evidence that the asset was impaired. Significant financial difficulties of the debtor, probability that the debtor would enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) were considered indicators that the trade receivable was impaired. The allowance recognised was measured as the difference

Trade and other receivables (continued)

between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables were classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdrafts and borrowings

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

Hedging activities

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

The group and the company designated certain derivatives as either:

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

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

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

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

Cash flow hedge

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

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

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

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

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

1.8 Tax**Current tax assets and liabilities**

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

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

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

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

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

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

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

1.9 Leases

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

Finance leases – lessee

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

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

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

Operating leases – lessee

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

1.10 Inventories

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

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

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

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

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

1.11 Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

1.12 Share capital and equity

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

1.13 Share-based payments

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

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

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

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

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

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

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

1.14 Employee benefits**Short-term employee benefits**

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

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

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

Contingent assets and contingent liabilities are not recognised.

1.16 Revenue**Revenue from Contract with Customers**

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

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

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

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

Other Revenue

Interest is recognised in profit or loss using the effective interest rate method. Dividends are recognised in profit or loss when the company's right to receive payment has been established.

For the comparative period – Revenue

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

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

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

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

1.17 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

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

1.18 Discontinued operations

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

1.19 Significant judgements and sources of estimation uncertainty

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

Significant judgements include:**Impairment of non-financial assets**

Goodwill, intangible assets and property, plant and equipment are assessed annually for impairment. These impairment calculations include the use of estimates of future cash flows as well as the determination of discount

1.19 Significant judgements include: (continued)

rates at which the cash flows are discounted. The maturity of a school is factored in when performing impairment assessments. Additional details regarding impairment test assumptions are included in note 5 and 6.

Useful lives and residual values

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

Impairment of Trade receivables and Loans and receivables

The group and the company assess their trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group and the company make judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Refer to note 41 for additional considerations regarding credit risk on trade receivables.

Fair values in business combinations

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

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

Share-based payments

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

Revenue from contracts with customers

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

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

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

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

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

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

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

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

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

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

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

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

2. Segmental information

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

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

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

Segmental revenue and results

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

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

The segment information provided to the exco is presented below.

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

Segment assets and liabilities

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

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

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

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

The table below provides information on segment assets and liabilities:

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

Geographical information

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

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

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

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

3. New and revised standards

3.1 Standards and amendments effective and adopted in the current year

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

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

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

3.2 Standards and amendments not yet effective

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

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

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

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

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

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

4. Property, plant and equipment

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

Company

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

Reconciliation of property, plant and equipment - group 2018

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

Reconciliation of property, plant and equipment - group 2017

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

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - company 2018

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

Reconciliation of property, plant and equipment - company 2017

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

Pledged as security

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

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

Borrowing costs capitalised

	Group		Company	
	2018	2017	2018	2017
	R million	R million	R million	R million
Borrowing costs capitalised to qualifying assets	55	66	55	66
Capitalisation rate used	9.15%	10.02%	9.15%	10.02%

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

5. Goodwill

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

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

Reconciliation of goodwill - group 2018

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

Reconciliation of goodwill - group 2017

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

Reconciliation of goodwill - company 2018

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

5. Goodwill (continued)

Reconciliation of goodwill – company 2017

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Intangible assets

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

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

Reconciliation of intangible assets – group 2018

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

Reconciliation of intangible assets – group 2017

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

Reconciliation of intangible assets – company 2018

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

Reconciliation of intangible assets – company 2017

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

Other information

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

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

7. Investment in subsidiaries

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

Name of company

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

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

ANNUAL FINANCIAL STATEMENTS

Notes to the consolidated and separate annual financial statements
for the year ended 31 December 2018

Subsidiaries with material non-controlling interests

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

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

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

Summarised statement of financial position

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

Summarised statement of comprehensive income

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Consolidated total	
	2018	2017	2018	2017	2018	2017
	R million	R million	R million	R million	R million	R million
Revenue	89	104	185	166	274	270
Operating expenses	(46)	(50)	(192)	(188)	(238)	(238)
Earnings (loss) before interest and taxation	43	54	(7)	(22)	36	32
Net finance (costs) income	(70)	(69)	2	2	(68)	(67)
Taxation	15	4	–	–	15	4
(Loss) profit for the year	(12)	(11)	(5)	(20)	(17)	(31)
Loss allocated to noncontrolling interest					(6)	(11)

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

ANNUAL FINANCIAL STATEMENTS

Notes to the consolidated and separate annual financial statements
for the year ended 31 December 2018

Summarised statement of cash flows

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2018	2017	2018	2017	2018	2017
	R million	R million	R million	R million	R million	R million
Cash flows from operating activities	11	10	9	(5)	20	5
Cash flows from investing activities	(12)	(23)	(15)	–	(27)	(23)
Cash flows from financing activities	(2)	14	–	–	(2)	14
Net increase (decrease) in cash	(3)	1	(6)	(5)	(9)	(4)

Restrictive funding arrangements:

Campus and Property Management Company (Pty) Ltd and Meridian Operations Company (RF) NPC

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

8. Investment in associate

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

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

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

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

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

9. Loans to (from) group companies

	Group		Company	
	2018 R million	2017 R million	2018 R million	2017 R million
Subsidiaries				
Campus and Property Management Company (Pty) Ltd The loan bears interest at a variable interest rate ranging between zero and 3-month JIBAR plus 10% per annum and is repayable after all Senior Debt has been paid. The loan has been discounted to its fair value at initial recognition based on the expected interest and capital repayments. The nominal value of the loan is R304 million.	–	–	211	51
Campus and Property Management Company (Pty) Ltd The loan is interest free and unsecured, and there are no fixed terms of repayment.	–	–	9	12
Curro Holdings Limited Share Incentive Trust The secured loan bears interest at rates approximating those received on the loans to participants and cash and cash equivalents and is repayable within three years from grant date.	–	–	22	44
Curro Education Botswana (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	–	–	88	–
Curro Education Namibia (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	–	–	–	237
Curro Funding Company (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	–	–	–	34
Dream Park Village (Pty) Ltd The loan is interest free and unsecured, and there are no fixed terms of repayment.	–	–	–	3
Plot One Hundred Bush Hill (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	–	–	–	23
Sheerprops 129 (Pty) Ltd The loan is interest free and unsecured, and there are no fixed terms of repayment.	–	–	(1)	8
Stratland Developments (Pty) Ltd The loan is interest free and unsecured, and there are no fixed terms of repayment.	–	–	–	1
Waterstone College (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	–	–	–	13
Woodhill College Property Holdings (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	–	–	60	55
	–	–	389	481
Disclosed as follows:				
Non-current assets	–	–	228	88
Current assets	–	–	161	393
	–	–	389	481

10. Other financial assets

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

11. Derivative financial instruments and hedging information

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

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

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

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

11. Derivative financial instruments and hedging information (continued)

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

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

12. Deferred tax (liability)/asset

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

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

Recognition of deferred tax asset

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

13. Inventories

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

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

14. Trade and other receivables

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

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

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

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

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

For the comparative period

Trade receivables past due but not impaired

Group

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

Company

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

14. Trade and other receivables (continued)

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

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

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

	Current	1 – 30 days	31 – 60 days	61 – 90 days	>90 days	Total
Group - 2018						
Expected loss rate	1.0%	4.5%	10.7%	15.6%	52.9%	26.2%
Gross carrying amount	25	21	13	10	52	121
Loss provision	1	1	1	2	27	32
Company - 2018						
Expected loss rate	0.3%	3.8%	7.6%	12.2%	52.6%	25.8%
Gross carrying amount	18	17	11	8	42	95
Loss provision	1	1	1	1	21	25

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

	Current & past due R	>90 days R	Total R
Group - 2018			
Opening loss allowance as at 1 January 2018		10	6
(Decrease)/Increase in loss allowance recognised in profit and loss during		(5)	21
Closing loss allowance as at 31 December 2018	5	27	32
Group - 2018			
Opening loss allowance as at 1 January 2018	8	3	11
(Decrease)/Increase in loss allowance recognised in profit and loss during	(4)	18	14
Closing loss allowance as at 31 December 2018	4	21	25

Trade receivables impaired

Group

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

Company

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

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

15. Cash

15.1 Cash and cash equivalents

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

15.2 Investment in money market

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

Money market fund investments are held in the following currencies:

	Group 2018 R million	2017 R million	Company 2018 R million	2017 R million
SA Rand	15	–	–	–

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

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

Undrawn facilities:

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

16. Share capital

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

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

17. Share based payments

17.1 Details of the employee option plan of the company

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

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

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

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

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

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

17.2 Movements in share options during the year

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

	2018		2017	
	Number of options	Weighted average exercise price (Rand)	Number of options	Weighted average exercise price (Rand)
Outstanding at the beginning of the year	6 803 694	31.39	5 842 039	31.10
Awarded during the year	2 369 700	30.54	2 697 500	37.53
Vested during the year	(1 534 367)	23.17	(1 562 836)	18.07
Forfeited during the year	(569 402)	30.79	(209 009)	30.00
Outstanding at end of the year	7 069 625	32.94	6 803 694	31.39

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

Details of share options granted to and exercised by directors:

Director	Opening balance of share options awarded at 1 January 2018	Number of share options awarded during the year	Number of share options exercised during the year	Exercise price per share option (Rand)	Share options award date	Closing balance of share options as at 31 December 2018
CR van der Merwe	100 393	–	(100 393)	11.51	2013/09/29	–
	67 100	–	(33 550)	18.24	2014/09/29	33 550
	147 900	–	(49 300)	29.01	2015/09/29	98 600
	140 200	–	(35 050)	36.21	2016/09/29	105 150
	455 593	–	(218 293)			237 300
AJF Greyling	59 298	–	(59 298)	11.51	2013/09/29	–
	46 950	–	(23 475)	18.24	2014/09/29	23 475
	90 450	–	(30 150)	29.01	2015/09/29	60 300
	95 800	–	(23 950)	36.21	2016/09/29	71 850
	273 700	–	–	37.53	2017/09/29	273 700
		109 300	–	30.54	2018/09/29	109 300
	566 198	109 300	(136 873)			538 625
B van der Linde	42 982	–	(42 982)	11.51	2013/09/29	–
	39 350	–	(19 675)	18.24	2014/09/29	19 675
	63 525	–	(21 175)	29.01	2015/09/29	42 350
	67 200	–	(16 800)	36.21	2016/09/29	50 400
	167 700	–	–	37.53	2017/09/29	167 700
		96 500	–	30.54	2018/09/29	96 500
	380 757	96 500	(100 632)			376 625
HG Louw	45 728	–	(45 728)	11.51	2013/09/29	–
	31 750	–	(15 875)	18.24	2014/09/29	15 875
	65 475	–	(21 825)	29.01	2015/09/29	43 650
	68 800	–	(17 200)	36.21	2016/09/29	51 600
	114 900	–	–	37.53	2017/09/29	114 900
		88 800	–	30.54	2018/09/29	88 800
	326 653	88 800	(100 628)			314 825
	1 729 201	294 600	(556 426)			1 467 375

The 2015 and 2016 vestings had no gain during 2018.

1 285 255 shares are offered as security for the loans provided by Curro Holdings Limited Share Incentive Trust.

17. Share based payments (continued)

17.2 Movements in share options during the year (continued)

Vesting year	Number of options outstanding	Weighted average strike price (Rand)
29 September 2019	1 768 775	30.79
29 September 2020	1 924 025	33.56
29 September 2021	1 569 025	34.59
29 September 2022	1 215 375	34.12
29 September 2023	592 425	30.54
	7 069 625	32.94

17.3 Share option expense for the year

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

17.4 Assumptions used in fair value

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

	2018	2017
Strike price (Rand)	30.54	37.53
Current share price (Rand)	30.54	37.53
Fair value (Rand)	8.08	11.41
Volatility (%)	35.33	22.89
Risk free rate (%)	7.86	8.40
Dividend yield (%)	–	–

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

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

18. Hedging reserve

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

The movement in the hedging reserve is illustrated below:

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

19. Other financial liabilities

At fair value through profit or loss-held for trading

Interest rate swap

Interest rate swap on a notional amount of R512.5 million with a termination date of 29 September 2020 at a fixed interest rate of 7.84%.

Interest rate swap

Interest rate swap on a notional amount of R212.5 million with a termination date of 15 December 2022 at a fixed interest rate of 8.21%.

Total at fair value through profit or loss

Held at amortised cost

ABSA Bank Ltd - Instalment sale agreements

The secured loans bear interest at various prime linked rates, payable in monthly instalments ranging from R1,109 to R116,552. Secured by fixed assets as disclosed in note 4.

ABSA Bank Ltd - 5 year bullet loan

The secured loan bears interest at a three-month JIBAR plus 1.975%, payable in December 2022.

Development Bank of South Africa

The secured loan bears interest at fixed 12.11% per annum, payable in bi-annual instalments. Repayable during the period August 2015 to August 2029.

Development Bank of South Africa

Consists of two secured loans bearing interest at 9.57% and 12.03% per annum, payable in monthly and biannual instalments respectively. Repayable during March 2027 and October 2029.

Development bonds

Development bonds are refunded when the learner leaves the school, or after three years have elapsed since its payment, whichever is the later date. The development bonds bear interest.

Debentures – Prepaid block*

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

The loan bears interest at 3-month JIBAR plus 4% per annum. The loan has a 15 year repayment period repayable in 36 equal quarterly instalments commencing on 1 April 2019. Refer restrictive funding arrangement disclosure below.

Old Mutual Assurance Group South Africa (Pty) Ltd

The loan bears interest at a variable interest rate ranging between zero and 3-month JIBAR plus 10% per annum and is repayable after all Senior Debt has been paid. Refer restrictive funding arrangement disclosure below.

	Group		Company	
	2018 R million	2017 R million	2018 R million	2017 R million
At fair value through profit or loss-held for trading				
Interest rate swap	4	10	4	10
Interest rate swap	5	7	5	7
Total at fair value through profit or loss	9	17	9	17
Held at amortised cost				
ABSA Bank Ltd - Instalment sale agreements	45	50	45	50
ABSA Bank Ltd - 5 year bullet loan	454	50	454	50
Development Bank of South Africa	131	150	131	150
Development Bank of South Africa	–	8	–	8
Development bonds	5	6	–	–
Debentures – Prepaid block*	–	2	–	–
Old Mutual Assurance Group South Africa (Pty) Ltd	35	135	–	–
Old Mutual Assurance Group South Africa (Pty) Ltd	40	10	–	–

19. Other financial liabilities (continued)

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

Restrictive funding arrangements

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

Securities

The securities for banking facilities and long-term funding are as follows:

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

As part of the conditions of the facilities agreement, Campus and Property Management Company (Pty) Ltd has ceded and pledged to the Meridian Security SPV (Pty) Ltd and as security for the company's obligations under the company indemnity, the company's right, title and interest in and to:

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

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

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

20. Finance lease liabilities

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

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

21. Contract liability

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

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

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

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

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

22. Trade and other payables

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

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

The group and the company have credit risk policies in place to ensure that all payables are paid within the agreed terms. Income received in advance is repayable to parents if the learner were to leave the school and is therefore a financial liability.

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

23. Overdraft

	Group		Company	
	2018 R million	2017 R million	2018 R million	2017 R million
Overdraft	78	–	–	–

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

24. Revenue from contracts with customers

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

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

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

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

25. Earnings before interest and taxation

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

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

26. Investment income

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

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

27. Finance cost

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

The capitalisation rate used for the group and the company during the period was 9.15% (2017: 10.02%) on general borrowings for capital projects.

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

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

28. Taxation

Major components of tax expenses

	Group		Company	
	2018 R million	2017 R million	2018 R million	2017 R million
Current taxation				
Local income tax – current period	19	9	–	–
Deferred taxation				
Temporary differences – current period	72	66	83	66
	91	75	83	66
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 – Loss/(profit) on sale of associate	0.3%	–%	(0.8)%	–%
Non-taxable income - profit on sale of property, plant and equipment	–%	(0.1)%	–%	(0.0)%
Non-taxable income - share of profit of associate	0.2%	(0.1)%	–%	–%
Non-taxable income - dividend received in specie	–%	–%	(0.2)%	–%
Non-taxable income – Meridian Operations	(3.1)%	(0.4)%	–%	–%
Non-deductible expenditure - share-based payment expenditure	1.3%	1.7%	2.7%	2.0%
Non-deductible expenditure - impairment losses	–%	–%	19.4%	–%
Non-deductible expenditure - other	–%	0.2%	–%	–%
Deferred tax – opening balance adjustment	4.5%	–%	7.5%	–%
Capital contribution - share incentive scheme	–%	(3.1)%	(1.6)%	–%
Other	(3.9)%	0.9%	(3.8)%	(1.3)%
Effective tax rate	27.3%	27.1%	51.2%	28.7%

Group

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

Company

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

29. Auditors remuneration

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

30. Operating leases

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

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

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

31. Other comprehensive income

Components of other comprehensive income

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

32. Earnings per share

	Group	
	2018 R million	2017 R million
Basic earnings per share		
Attributable to continuing operations (cents per share)	60.0	51.9
Attributable to discontinued operations (cents per share)	-	(0.9)
	60.0	51.0

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

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

Diluted earnings per share

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

	Group	
	2018 R million	2017 R million
Diluted earnings per share		
Attributable to continuing operations (cents per share)	59.8	51.7
Attributable to discontinued operations (cents per share)	-	(0.9)
	59.8	50.8
Reconciliation of basic earnings to diluted earnings		
Basic earnings		
From continuing operations	248	213
From discontinued operations	-	(4)
	248	209
The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows.		
Weighted average number of ordinary shares used in the calculation of basic earnings per share (million)	412	409
Shares deemed to be issued for no consideration in respect of:		
- Share options incentive plan (million)	1	1
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (million)	413	410
Headline earnings per share		
Attributable to continuing operations (cents per share)	60.1	49.0
Attributable to discontinued operations (cents per share)	-	(0.9)
	60.1	48.1
Diluted headline earnings per share		
Attributable to continuing operations (cents per share)	60.0	48.9
Attributable to discontinued operations (cents per share)	-	(0.9)
	60.0	48.0
Reconciliation between earnings and headline earnings		
Basic earnings		
From continuing operations	248	213
From discontinued operations	-	(4)
	248	209
Adjusted for:		
(Profit) loss on disposal of property, plant and equipment (continuing operations)	-	(13)
Loss on disposal of investment in associate	-	-
Tax effect of reconciling items	-	-
	248	196
Headline earnings		
From continuing operations	248	200
From discontinued operations	-	(4)

32 Earnings per share (continued)

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

33. Cash generated from operations

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

34. Taxation (paid) refunded

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

35. Business combinations

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

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

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

35. Business combinations (continued)

Dot's Learning Centre

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

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

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

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

Cooper College

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

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

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

Baobab School

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

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

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

Northriding College

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

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

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

Business combinations occurring after the end of the reporting period

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

36. Reconciliation of liabilities arising from financing activities

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

37. Commitments and guarantees

Authorised future capital commitments

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

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

Guarantees

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

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

38. Related parties

Relationships

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

	Group		Company	
	2018 R million	2017 R million	2018 R million	2017 R million
Related party balances				
Loan accounts – owing (to) by related parties				
Campus and Property Management Company (Pty) Ltd	–	–	220	63
Curro Holdings Limited Share Incentive Trust	–	–	22	44
Dream Park Village (Pty) Ltd	–	–	–	3
Plot One Hundred Bush Hill (Pty) Ltd	–	–	–	23
Sheerprops 129 (Pty) Ltd	–	–	(1)	8
Stratland Developments (Pty) Ltd	–	–	–	1
Waterstone College (Pty) Ltd	–	–	–	13
Woodhill College Property Holdings (Pty) Ltd	–	–	60	55
Curro Education Botswana (Pty) Ltd	–	–	88	–
Curro Education Namibia (Pty) Ltd	–	–	–	237

38. Related parties (continued)

	Group		Company	
	2018 R million	2017 R million	2018 R million	2017 R million
Stadio Corporate Services (Pty)Ltd	–	119	–	119
Amounts included in trade and other receivables regarding related parties				
Campus and Property Management Company (Pty) Ltd	–	–	3	4
Embury Institute for Higher Education (Pty) Ltd	–	–	–	1
GRIT Procurement Solutions (Pty) Ltd	–	1	–	1
Meridian Operations Company (RF) NPC	–	–	1	1
Sheerprops 129 (Pty) Ltd	–	–	–	2
Woodhill College Property Holdings (Pty) Ltd	–	–	2	–
Waterstone College (Pty) Ltd	–	–	48	65
Amounts included in trade and other payables regarding related parties				
GRIT Procurement Solutions (Pty) Ltd	(13)	(26)	(12)	(23)
Related party transactions				
Purchases from related parties				
GRIT Procurement Solutions (Pty) Ltd	141	125	136	120
Administration fees paid to (received) from related parties				
PSG Corporate Services (Pty) Ltd	2	1	2	1
Interest (received) from paid to related parties				
Curro Holdings Limited Share Incentive Trust	–	–	(3)	(3)
Curro Education Namibia (Pty) Ltd	–	–	(12)	(24)
Embury Institute for Higher Education (Pty) Ltd	–	–	–	(4)
Plot One Hundred Bush Hill (Pty) Ltd	–	–	(2)	(2)
Stadio Holdings Ltd	–	(3)	–	(3)
Waterstone College (Pty) Ltd	–	–	–	(3)
Woodhill College Property Holdings (Pty) Ltd	–	–	(7)	(6)
Share issue costs paid to related parties				
PSG Corporate Services (Pty) Ltd	–	1	–	1
Management fees received from related parties				
Campus and Property Management Company (Pty) Ltd	–	–	(8)	(8)
Meridian Operations Company (RF) NPC	–	–	(2)	(2)
Rent paid to (received from) related parties				
Plot One Hundred Bush Hill (Pty) Ltd	–	–	–	2
Woodhill College Property Holdings (Pty) Ltd	–	–	15	14
Compensation to directors and other key management				
Short-term employee benefits (refer note 39)	9	16	9	16

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

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

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

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

39. Directors' and prescribed officers' emoluments

Executive

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

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

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

*Salary and emoluments as executive until 30 June 2017.

ANNUAL FINANCIAL STATEMENTS

Notes to the consolidated and separate annual financial statements
for the year ended 31 December 2018

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

Non-executive

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

* C van den Merwe also received R1 781 845 as part of share-based payments.

Prescribed officers

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

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

40. Categories of financial instruments

	Financial assets at fair value through profit or loss R million	Financial assets at amortised cost R million	Financial liabilities at fair value through profit or loss R million	Financial liabilities at amortised cost R million	Total R million
Categories of financial instruments group – 2018					
Assets					
Non-current assets					
Other financial assets	2	12	–	–	14

ANNUAL FINANCIAL STATEMENTS

Notes to the consolidated and separate annual financial statements
for the year ended 31 December 2018

	Financial assets at fair value through profit or loss R million	Financial assets at amortised cost R million	Financial liabilities at fair value through profit or loss R million	Financial liabilities at amortised cost R million	Total R million
Current assets					
Other financial assets	–	21	–	–	21
Trade and other receivables	–	104	–	–	104
Cash and cash equivalents	–	170	–	–	170
Investment in money market funds	15	–	–	–	15
	15	295	–	–	310
Liabilities					
Non-current liabilities					
Other financial liabilities	–	–	9	2 844	2 853
Current liabilities					
Other financial liabilities	–	–	–	49	49
Trade and other payables	–	–	–	164	164
Overdraft	–	–	–	78	78
	–	–	–	291	291

	Financial assets at fair value through profit or loss R million	Loans and receivables R million	Financial liabilities at fair value through profit or loss R million	Financial liabilities at amortised cost R million	Total R million
Categories of financial instruments group – 2017					

Categories of financial instruments group – 2017

Assets

Non-current assets

Other financial assets	–	38	–	–	38
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Current assets

Other financial assets	–	125	–	–	125
Trade and other receivables	–	68	–	–	68
Cash and cash equivalents	–	571	–	–	571
	–	764	–	–	764

Liabilities

Non-current liabilities

Other financial liabilities	–	–	17	2 326	2 343
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Current liabilities

Other financial liabilities	–	–	–	41	41
Trade and other payables	–	–	–	191	191
	–	–	–	232	232

40. Categories of financial instruments (continued)

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

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

41. Risk management

Capital risk management

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

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

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

There are no externally imposed capital requirements.

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

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

Notes(s)	Group		Company	
	2018 R million	2017 R million	2018 R million	2017 R million
Total borrowings				
Other financial liabilities	19	2 367	2 531	1 714
		2 367	2 531	1 714
Less: Cash	15	571	123	531
Net debt		1 796	2 408	1 183
Total equity		4 997	4 956	4 897
Total capital		6 793	7 364	6 080
Gearing ratio		26%	33%	19%

Liquidity risk

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

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

Group

At 31 December 2018

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

41. Risk management (continued)

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

Company

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

At 31 December 2017

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

Interest rate risk

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

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

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

Interest rate sensitivity analysis

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

Interest rate swap contracts

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

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

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

Credit risk

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

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

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

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

Foreign exchange risk

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

42. Fair value information

Levels of fair value measurements

Levels 1, 2 and 3.

Recurring fair value measurements

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

Valuation techniques used to derive level 1 fair values

The fair value of the investment in money market funds is based on quoted market prices.

Valuation techniques used to derive level 2 fair values

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

Valuation techniques used to derive level 3 fair values

The fair value approximates carrying value.

43. Going concern

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

44. Events after the reporting date

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

45. Changes in accounting policies

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

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

Group 2018

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

Company - 2018

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

IFRS 9 - Financial instruments

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

The impact on the group's retained earnings as at 1 January 2018 were as follows.

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

(i) Classification and measurement

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

There was no impact on the group's equity.

(ii) Derivatives and hedging activities

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

(iii) Impairment of financial assets

The group and company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. This resulted in a loss allowance on 1 January 2018 of R37 million for trade receivables. Note 14 provides details about the calculation of the allowance. Impairment provisions on loans to group companies are recognised based on a forward looking expected credit loss model.

IFRS 15 – Revenue from Contracts with Customers

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

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

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

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

46. Discontinued operations**Stadio Holdings**

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

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

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

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

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

Range of shareholding

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

Public and non-public shareholding

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

Number of public and non-public shareholders

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

Individual shareholders holding more than 5%

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

Curro Holdings Limited

Incorporated in the Republic of South Africa

Registration number: 1998/025801/06

Share code: COH

ISIN: ZAE000156253

('Curro' or 'the company')

Notice of annual general meeting of Curro shareholders

Notice is hereby given of the annual general meeting of shareholders of Curro to be held at The Protea Hotel, Techno Avenue, Techno Park, Stellenbosch at 14:00 on Wednesday, 5 June 2019 (the 'AGM').

Purpose

The purpose of the AGM is to transact the business set out in the agenda hereunder and to discuss other matters raised by shareholders, provided that such matters directly concern the business of the company and may lawfully be dealt with at the meeting.

Agenda

1. Presentation of the audited annual financial statements of Curro and its subsidiaries, including the reports of the directors and the audit and risk committee, and report on the social, ethics and transformation committee's activities, for the year ended 31 December 2018. The annual integrated report of the company, containing the audited annual financial statements, is available at www.curro.co.za or can be obtained from the company at its registered office.
2. To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

For ordinary resolutions number 1 to 10 and 12 and 13 (inclusive) to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution numbers 11 and 14 (inclusive) to be adopted, at least 75% of the voting rights exercised on each such resolution must be exercised in favour thereof.

2.1 Confirmation of appointment, retirement and re-election of directors

2.1.1 Ordinary resolution number 1

Resolved that the appointment of Ms Zandile Nangamso Mankai ('Nan') as director in terms of the memorandum of incorporation ('MOI') of the company be and is hereby confirmed.

Summary curriculum vitae of Ms Nan Mankai

Nan was appointed as an independent non-executive director to the Curro board with effect from 10 August 2018. Nan is currently the principal investment officer of Bigen Africa Services (Pty) Ltd, where she has until recently served on the audit committee and as chairperson of the social and ethics committee. Nan's experience has been in the private equity and investment management space, having worked for private equity funds as well as building on-balance sheet portfolios for corporates.

Qualifications: CA(SA); MBA

2.1.2 Ordinary resolution number 2

Resolved that the appointment of Ms Tsholofelo Molefe ('Tsholo') as director in terms of the MOI of the company be and is hereby confirmed.

Summary curriculum vitae of Ms Tsholo Molefe

Tsholo was appointed as an independent non-executive director to the Curro board with effect from 1 May 2019. In July 2018, Tsholo was appointed as the group chief financial officer for Telkom SA SOC Ltd, where she had served as deputy group CFO since July 2016. Tsholo is a business professional with a solid understanding of the corporate world, as well as of financial strategy management, financial management practices, controls, and reporting requirements pertaining to various industries.

Qualifications: CTA; CA(SA)

2.1.3 Ordinary resolution number 3

Resolved that Ms Susan Louise Botha ('Santie'), who is an independent non-executive director, retires by rotation in terms of the MOI of the company, and being eligible and offering herself for re-election, be and is hereby re-elected as director.

Summary curriculum vitae of Ms Santie Botha

Santie currently serves as non-executive director on the boards of Liberty Holdings Ltd and Telkom Ltd. She is also the chairperson of Famous Brands Ltd. Santie has a wide range of knowledge and experience in different sectors, ranging from fast-moving consumer goods, where she started her career in Unilever and worked in various roles in both Durban and London, UK (1987 to 1996), and banking (Executive Director: ABSA Bank, 1996 to 2003) to telecommunications (Executive Director: MTN, 2003 to 2010). Santie was named Business Woman of the Year 2010. She was the Chancellor of Nelson Mandela University from 2011 to 2017.

Qualifications: BEcon; BEcon (Hons)

2.1.4 Ordinary resolution number 4

Resolved that Prof. Sibongile Winnie Frieda Mutwa ('Sibongile'), who is an independent non-executive director, retires by rotation in terms of the MOI of the company, and being eligible and offering herself for re-election, be and is hereby re-elected as director.

Summary curriculum vitae of Prof. Sibongile Muthwa

Sibongile has international business experience in the non-government, development and public sectors, as well as in academia. Currently she is the Vice Chancellor of the Nelson Mandela University. Sibongile serves as a non-executive director of the University Sports Company (Pty) Ltd and is a commissioner of the Financial and Fiscal Commission. Between 2004 and 2010 Sibongile served as the director general of the Eastern Cape Provincial Government.

Qualifications: BA (SW) (Fort Hare); BA (SW) Hons (Wits); MSc (SPPDC); PhD (London)

2.1.5 Ordinary resolution number 5

Resolved that Dr Christiaan Rudolph van der Merwe ('Chris'), who is a non-executive director, retires by rotation in terms of the MOI of the company, and being eligible and offering himself for re-election, be and is hereby re-elected as director.

Summary curriculum vitae of Dr Chris van der Merwe

Chris has extensive knowledge of and is highly experienced in the independent school sector. He founded Curro in 1998, and as chief executive officer he led the company to its listing on the JSE in 2011. As a result of his founding of Curro, Chris was one of the four finalists in the exceptional category of the EY World Entrepreneur Competition in 2013. In October 2017 Chris was named Business Leader of the Year by the Durbanville Chamber of Commerce. Chris is CEO of Stadio Holdings, the tertiary-education component of the Curro business that was unbundled from Curro and was separately listed on the JSE Limited (JSE) on 3 October 2017.

Qualifications: BPrim (Ed); MEd (cum laude); PhD in Education.

The reason for ordinary resolutions number 1 and 2 is that the MOI of the company and the Listings Requirements of the JSE require that any new appointment to the board of the company be confirmed by the shareholders at the AGM of the company. The board of directors of the company ('the board') announced on 2 August 2018 that Ms Mankai had been appointed as independent non-executive director of Curro, effective 10 August 2018. The board also announced on 19 March 2019 that Ms Molefe had been appointed as an independent non-executive director of Curro, effective 1 May 2019.

The reason for ordinary resolutions number 3 to 5 is that the MOI of the company and, to the extent applicable, the Listings Requirements of the JSE and the Companies Act of South Africa ('the Companies Act'), require that a component of non-executive directors retire by rotation at the AGM and, being eligible, may offer themselves for re-election as directors.

2.2 Reappointment of the members of the audit and risk committee of the company

Note:

To avoid doubt, all references to the audit and risk committee of the company are a reference to the audit committee as contemplated in the Companies Act.

2.2.1 Ordinary resolution number 6

Resolved that, subject to the approval of ordinary resolution number 1, Ms Nan Mankai, being eligible, be and is hereby appointed as a member and chairperson of the audit and risk committee of the company, as recommended by the board, until the next AGM of the company.

Summary curriculum vitae of Ms Nan Mankai

See ordinary resolution number 1.

2.2.2 Ordinary resolution number 7

Resolved that, subject to the approval of ordinary resolution number 4, Prof. Sibongile Muthwa, being eligible, be and is hereby appointed as a member of the audit and risk committee of the company, as recommended by the board, until the next AGM of the company.

Summary curriculum vitae of Prof. Sibongile Muthwa

See ordinary resolution number 4.

2.2.3 Ordinary resolution number 8

Resolved that Mr Zitulele Luke Combi (‘KK’), being eligible, be and is hereby appointed as a member of the audit and risk committee of the company, as recommended by the board, until the next AGM of the company.

Summary curriculum vitae of Mr KK Combi

KK serves as an independent non-executive director of various listed and unlisted companies. He is the chairperson of the PSG Group Ltd, and is the chairperson of Pioneer Food Group Ltd. He has broad knowledge and experience of business in different industries and has been active as an entrepreneur since 1995.

Qualifications: Diploma in Public Relations; member of the Institute of Directors in Southern Africa

2.2.4 Ordinary resolution number 9

Resolved that, subject to the approval of ordinary resolution number 2, Ms Tsholo Molefe, being eligible, be and is hereby appointed as a member of the audit and risk committee of the company, as recommended by the board, until the next AGM of the company.

Summary curriculum vitae of Ms Tsholo Molefe

See ordinary resolution number 2.

The reason for ordinary resolutions number 6 to 9 (inclusive) is that the company, being a public listed company, must appoint an audit committee, and the Companies Act requires that the members of such audit committee be appointed, or reappointed, as the case may be, at each AGM of the company.

2.3 Ordinary resolution number 10: reappointment of auditor

Resolved that PricewaterhouseCoopers Inc. be and is hereby reappointed as the auditor of the company for the ensuing financial year, with the designated auditor being Mr D de Jager, a registered auditor and partner in the firm.

The reason for ordinary resolution number 10 is that the company, being a public listed company, must have its annual financial statements audited, and such an auditor must be appointed or reappointed each year, as the case may be, at the AGM of the company, as required by the Companies Act, the Listings Requirements of the JSE and the MOI of the company. PricewaterhouseCoopers Inc has been the company’s auditor since 2017.

2.4 Ordinary resolution number 11: general authority to issue ordinary shares for cash

Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue any of the company’s unissued shares for cash as they at their discretion may deem fit, without restriction, subject to the provisions of the Listings Requirements of the JSE, and subject to the provision that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution shall be limited to 10% of the issued share capital of the company at the date of this notice of AGM, provided that:

- the approval shall be valid until the date of the next AGM of the company, provided it shall not extend beyond 15 months from the date of this resolution;
- the general issues of shares for cash in any one financial year may not exceed, in the aggregate, 10% of the company’s issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer or in consideration for acquisitions or shares issued

to the Curro Holdings Limited Share Incentive Trust (‘Trust’) or options granted by the Trust in accordance with the Listings Requirements of the JSE shall not diminish the number of ordinary shares that comprise the 10% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 10% of the issued ordinary shares of the company amounts to 41 208 798 ordinary shares;

- in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the issuer and the party subscribing to the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30-business-day period;
- any such issue will be made only to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE, and not to related parties;
- any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- if the issued securities represent, on a cumulative basis, 5% or more of the number of securities in issue, prior to that issue, an announcement containing full details of such issue shall be published on the Stock Exchange News Service.

Should listed entities wish to issue shares for cash (other than issues by way of rights offers and/or in consideration for acquisitions and/or to share incentive schemes, which schemes have been duly approved by the JSE and by the shareholders of the company), it is necessary for the board to obtain the prior authority of the shareholders in accordance with the Listings Requirements of the JSE and the MOI of the company. The reason for ordinary resolution number 11 is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements of the JSE and the MOI of the company.

At least 75% of the shareholders present in person or by proxy and entitled to vote at the AGM must cast their vote in favour of this resolution.

2.5 Ordinary resolution number 12: non-binding advisory vote on Curro’s remuneration policy

Resolved that the company’s remuneration policy, as set out on pages 74 to 81 of this annual integrated report, be and is hereby endorsed by way of a non-binding advisory vote.

The reason for ordinary resolution number 12 is that the King IV Report on Corporate Governance™ for South Africa, 2016 (‘King IV’) recommends, and the JSE Listings Requirements require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM of the company. This enables shareholders to express their views on the remuneration policy. The effect of ordinary resolution number 12, if passed, will be to endorse the company’s remuneration policy. Ordinary resolution number 12 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company’s remuneration policy.

2.6 Ordinary resolution number 13: non-binding advisory vote on Curro’s implementation report on the remuneration policy

Resolved that the company’s implementation report with regard to its remuneration policy, as set out on pages 81 to 85 of this annual integrated report, be and is hereby endorsed by way of a non-binding advisory vote.

The reason for ordinary resolution number 13 is that King IV recommends, and the JSE Listings Requirements require, that the implementation report on a company’s remuneration policy be tabled for a non-binding advisory vote by shareholders at each AGM of the company. This enables shareholders to express their views on the implementation of a company’s remuneration policy. The effect of ordinary resolution number 13, if passed, will be to endorse the company’s implementation report in relation to its remuneration policy. Ordinary resolution number 13 is of an advisory nature only, and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering the company’s remuneration policy and its implementation.

2.7 Ordinary resolution number 14: amendment to the Curro Holdings Limited Share Incentive Trust

Resolved that the board and the trustees of the Curro Holdings Limited Share Incentive Trust (the Share Incentive Scheme) be and are hereby authorised to amend the trust deed regulating the Share Incentive Scheme (the Trust Deed) by replacing the number ‘19 354 954’ in clause 19.3.1 of the Trust Deed with the number ‘29 354 954’, to read as follows:

19.3 The maximum aggregate number of Shares that may be utilised for the purposes of this Share Scheme shall not exceed:

19.3.1 29 354 954 Shares; and/or

19.3.2 such other number of Shares as may be permitted in terms of any listing requirements or rules or regulations of the JSE from time to time, together with any shareholders approval to the extent same is required in terms of any such listings requirements or law or regulation.

The reason for ordinary resolution number 14 is to obtain the prior approval of shareholders to amend the Trust Deed, such approval being required in terms of paragraph 14.2, read with paragraph 14.1, of Schedule 14 of the Listings Requirements of the JSE. These amendments to the Trust Deed are being recommended for approval by the board in order to increase the maximum aggregate number of shares that may be utilised for the purposes of the Share Incentive Scheme by 10 million shares.

The effect of ordinary resolution number 14, if passed, will be that the proposed amendment to the Trust Deed, as set out above, is approved.

At least 75% of the shareholders present in person or represented by proxy and entitled to vote at the AGM must cast their vote in favour of this resolution. In determining whether the requisite number of votes have been achieved to adopt this resolution, the votes attaching to any ordinary shares acquired in terms of the Share Incentive Scheme and owned or controlled by persons who are existing participants in the Share Incentive Scheme, and which may be impacted by the above-mentioned resolution, shall not be taken into account.

A copy of the current Trust Deed is available for inspection by shareholders at the company's registered address.

3. To consider and, if deemed fit, approve, with or without modification, the following special resolutions:

Note: For the special resolutions to be adopted, more than 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

3.1 Remuneration of non-executive directors

Special resolutions number 1.1 to 1.8

Resolved in terms of section 66(9) of the Companies Act that the company be and is hereby authorised to remunerate its non-executive directors for their services as directors on the basis set out below, provided that this authority will be valid until the next AGM of the company.

Special resolution number 1.1: remuneration of the chairperson of the board

Resolved that the chairperson of the board be paid an annual fee of R550 000 (excluding value added tax (VAT)).

Special resolution number 1.2: remuneration of the board members

Resolved that the board members be paid an annual fee of R250 000 (excluding VAT).

Special resolution number 1.3: remuneration of the audit and risk committee chairperson

Resolved that the audit and risk committee chairperson be paid an annual fee of R150 000 (excluding VAT).

Special resolution number 1.4: remuneration of the audit and risk committee members

Resolved that the members of the audit and risk committee be paid an annual fee of R80 000 (excluding VAT).

Special resolution number 1.5: remuneration of the remuneration and nominations committee chairperson

Resolved that the remuneration and nominations committee chairperson be paid an annual fee of R100 000 (excluding VAT).

Special resolution number 1.6: remuneration of the remuneration and nominations committee members

Resolved that the remuneration and nominations committee members be paid an annual fee of R80 000 (excluding VAT).

Special resolution number 1.7: remuneration of the social, ethics and transformation committee chairperson

Resolved that the social, ethics and transformation committee chairperson be paid an annual fee of R100 000 (excluding VAT).

Special resolution number 1.8: remuneration of the social, ethics and transformation committee members

Resolved that the social, ethics and transformation committee members be paid an annual fee of R50 000 (excluding VAT).

Notes:

1. Fees are paid for services rendered as directors and are not based on meetings attended.

2. The fees are paid quarterly in arrears and VAT is payable thereon if the non-executive director is VAT registered.

The reasons for special resolutions number 1.1 to 1.8 is for the company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolutions number 1.1 to 1.8 is that the company will be able to pay its non-executive directors for the services they render to the company as directors until the next AGM of the company. In determining the fees, the board is guided by the remuneration committee, which considered surveys conducted into fees paid to other JSE companies, whose size and complexity were similar to those of the company.

3.2 Inter-company and related financial assistance

3.2.1 Special resolution number 2: inter-company financial assistance

Resolved in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the board be and is hereby authorised to approve that the company provide any direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board may deem fit to any company or corporation that is related or inter-related ('related' or 'inter-related' will herein have the meaning attributed to it in section 2 of the Companies Act) to the company, on the terms and conditions and for amounts that the board may determine, provided that the aforementioned approval shall be valid until the date of the next AGM of the company.

The reason for and effect of special resolution number 2 is to grant the board the authority, until the next AGM, to provide direct or indirect financial assistance to any company, or corporation that is related or inter-related to the company. This means that the company, *inter alia*, is authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries. The resolution specifically excludes financial assistance to its directors and prescribed officers as is permitted by the Companies Act.

3.2.2 Special resolution number 3: financial assistance for the subscription to and/or the acquisition of shares in the company or a related or inter-related company

Resolved that, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, the board be and is hereby authorised to approve that the company provide any direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the board may deem fit to any person (including a juristic person) for purposes of, or in connection with, the subscription to any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company ('related' or 'inter-related' will herein have the meaning attributed to it in section 2 of the Companies Act), on the terms and conditions and for amounts that the board may determine, provided that the aforementioned approval shall be valid until the date of the next AGM.

The reason for and effect of special resolution number 3 is to grant the board the authority, until the next AGM, to provide financial assistance to any person for purposes of, or in connection with, the subscription to or purchase of options, shares or other securities in the company or any related or inter-related company or corporation. This means that the company is authorised, *inter alia*, to grant loans to any person (including its subsidiaries) or to guarantee and furnish security for the debt of any person where any such financial assistance is directly or indirectly related to that person subscribing to options, shares or securities in the company or its subsidiaries or purchasing options, shares or securities in the company or its subsidiaries. A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

3.3 Shares repurchases by the company and its subsidiaries**Special resolution number 4**

Resolved, as a special resolution, that the company and the subsidiaries of the company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of section 46 and 48 of the Companies Act, the MOI of the company and the Listings Requirements of the JSE, including, inter alia, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the next AGM of the company, provided that it shall not extend beyond 15 months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue on the date that this authority is granted, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board approving the repurchase, that the company and its subsidiaries have satisfied the solvency and liquidity test as defined in the Companies Act, and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the company and its subsidiaries;
- the general repurchase is authorised by the MOI of the company;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the company's securities have not traded in such a five-business-day period;
- the company may at any point in time appoint only one agent to effect any repurchase(s) on the company's behalf; and
- the company and/or its subsidiaries may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless a repurchase programme, as contemplated in terms of paragraph 5.72(h) of the Listings Requirements of the JSE, has been submitted to the JSE in writing and executed by an independent third party.

Information relating to special resolution number 4

1. The directors of the company or its subsidiaries will only utilise the general authority to repurchase shares of the company, as set out in special resolution number 4, to the extent that the directors, after considering the maximum shares to be purchased, are of the opinion that the position of the company and its subsidiaries (the Curro group) would not be compromised as to the following:
 - the Curro group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this AGM and for a period of 12 months after the repurchase;
 - the consolidated assets of the Curro group will, at the time of the AGM and at the time of making such determination, be in excess of the consolidated liabilities of the Curro group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Curro group;
 - the ordinary capital and reserves of the Curro group after the repurchase will remain adequate for the purpose of the business of the Curro group for a period of 12 months after the AGM and after the date of the share repurchase; and
 - the working capital available to the Curro group after the repurchase will be sufficient for the Curro group's requirements for a period of 12 months after the date of the notice of the AGM;

and the directors have passed a resolution authorising the repurchase, resolving that the company has satisfied the solvency and liquidity test as defined in the Companies Act, and resolving that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the Curro group.

2. The directors, whose names appear on pages 38 to 41 of the annual integrated report, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted that would make any statement false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that the notice of AGM contains all information required by the Listings Requirements of the JSE.

Special resolutions number 2, 3 and 4 are renewals of resolutions passed at the previous AGM on 4 June 2018.

The reason for and effect of special resolution number 4 is to grant the board a general authority in terms of the MOI of the company and the Listings Requirements of the JSE for the acquisition by the company or by a subsidiary of the company of shares issued by the company on the basis reflected in special resolution number 4. The company has no immediate plans to use the authority. The resolution is being sought in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not collectively hold more than 10% in aggregate of the number of the issued shares of a company. In order to avoid doubt, a pro rata repurchase by the company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

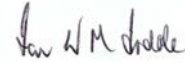
4. Other business

To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to the company.

VOTING

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the company (the share register) for purposes of being entitled to receive this notice of AGM is Thursday, 18 April 2019.
2. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at this AGM is Friday, 31 May 2019, with the last day to trade being Tuesday, 28 May 2019.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairperson of the AGM and must accordingly bring a copy of their identity document, passport or driver's licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.
4. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the company. A form of proxy in which the relevant instructions for its completion is set out is enclosed for the use of a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the company at the address given below by no later than 14:00 (South African time) on Monday, 3 June 2019, provided that any form of proxy not delivered to the transfer secretaries by this time may be handed to the chairperson of the AGM prior to the commencement of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person will need to request their central securities depository participant (CSDP) or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and the CSDP or broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, have one vote in respect of each share held.

By order of the board



IWM Isdale
Company Secretary
30 April 2019

Registered office

38 Oxford Street
Durbanville 7550
(PO Box 2436, Durbanville
7551, South Africa)

Transfer secretaries

Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
(PO Box 61051, Marshalltown 2107,
South Africa)

Sponsor

PSG Capital (Pty) Ltd
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch 7600
(PO Box 7403, Stellenbosch
7599, South Africa)

Curro Holdings Limited

Incorporated in the Republic of South Africa
 Registration number: 1998/025801/06
 Share code: COH
 ISIN: ZAE000156253
 ('Curro' or 'the company')

Form of proxy – for use by certificated and own-name dematerialised shareholders only

For use at the annual general meeting of ordinary shareholders of the company to be held at The Protea Hotel, Techno Avenue, Techno Park, Stellenbosch at 14:00 on Wednesday, 5 June 2019 (the 'AGM').

I/we (full name in print) _____
 of (address) _____
 Telephone: (Work) area code (____) _____ Telephone: (Home) area code (____) _____
 Cellphone number: (____) _____

being the registered holder of _____ shares in the company, hereby appoint:

- 1. _____ or failing him/her
- 2. _____ or failing him/her
- 3. _____ the chairperson of the AGM,

as my/our proxy to attend, speak and vote for me/us at the AGM for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instruction (see notes on overleaf):

	Number of shares		
	In favour of	Against	Abstain
Ordinary resolution number 1: to confirm Ms ZN Mankai's appointment as a non-executive director			
Ordinary resolution number 2: to confirm Ms T Molefe's appointment as a non-executive director			
Ordinary resolution number 3: to re-elect Ms SL Botha as a non-executive director			
Ordinary resolution number 4: to re-elect Prof. SWF Muthwa as a non-executive director			
Ordinary resolution number 5: to re-elect Dr CR van der Merwe as a non-executive director			
Ordinary resolution number 6: to appoint Ms ZN Mankai as a member of the audit and risk committee of the company			
Ordinary resolution number 7: to appoint Prof. SWF Muthwa as a member of the audit and risk committee of the company			
Ordinary resolution number 8: to appoint Mr ZL Combi as a member of the audit and risk committee of the company			
Ordinary resolution number 9: to appoint Ms T Molefe as a member of the audit and risk committee of the company			
Ordinary resolution number 10: to reappoint PricewaterhouseCoopers Inc. as auditor			
Ordinary resolution number 11: general authority to issue ordinary shares for cash			
Ordinary resolution number 12: non-binding endorsement of Curro's remuneration policy			
Ordinary resolution number 13: non-binding endorsement of Curro's implementation report on the remuneration policy			
Ordinary resolution number 14: amendment to the Curro Holdings Limited Share Incentive Trust			
Special resolution number 1: remuneration of non-executive directors			
Special resolution number 1.1: remuneration of the chairperson of the board			
Special resolution number 1.2: remuneration of the board members			
Special resolution number 1.3: remuneration of the audit and risk committee chairperson			
Special resolution number 1.4: remuneration of the audit and risk committee members			
Special resolution number 1.5: remuneration of the remuneration and nominations committee chairperson			



	Number of shares		
	In favour of	Against	Abstain
Special resolution number 1.6: remuneration of the remuneration and nominations committee members			
Special resolution number 1.7: remuneration of the social, ethics and transformation committee chairperson			
Special resolution number 1.8: remuneration of the social, ethics and transformation committee members			
Special resolution number 2: inter-company financial assistance			
Special resolution number 3: financial assistance for the subscription for and/or the acquisition of shares in the company or a related or inter-related company			
Special resolution number 4: share repurchases by the company and its subsidiaries			

Please indicate your voting instruction by inserting the number of shares or by inserting a cross in the space provided should you wish to vote all of your shares.

Signed at on this day of 2019.

Signature(s)

Assisted by (where applicable) (state capacity and full name)

Each Curro shareholder is entitled to appoint one or more proxy(ies) (who need not be shareholder(s) of the company) to attend, speak and vote in his/her stead at the AGM.

Please read the notes below.

Notes:

1. A Curro shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting 'the chairperson of the AGM'. The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Curro shareholder's instructions to the proxy must be indicated by inserting in the appropriate box provided the relevant number of shares to be voted on behalf of that shareholder. Failure to comply with the above will be deemed to authorise the chairperson of the AGM, if they are the authorised proxy, to vote in favour of the resolutions at the meeting, or any other proxy to vote or to abstain from voting at the meeting as they deem fit, in respect of all the shares concerned. A shareholder or their proxy is not obliged to use all the votes exercisable by the shareholder or their proxy, but the total of the votes cast and in respect of which abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or their proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the meeting in respect of such shares as if they were solely entitled thereto, but, if more than one of such joint holders are present or represented at any meeting, only that one of the said persons whose name stands first in the register in respect of such shares, or their proxy, as the case may be, shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any shares stand shall be deemed joint holders thereof.
4. Proxy forms should be lodged with the transfer secretaries of the company, Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown 2107, South Africa, to be received by them not later than Monday, 3 June 2019 at 14:00 (South African time), provided that any form of proxy not delivered to the transfer secretaries by this time may be handed to the chairperson of the AGM prior to the commencement of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the chairperson of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.



A brief history

Curro was established in 1998. Dr Chris van der Merwe (Chris), Curro's former chief executive officer, initially envisioned the establishment of a small independent school that was intended to accommodate only an intermediate school phase (Grade 4 to Grade 7) in a converted house.

Soon after the planning had been completed, Eduard Ungerer, one of Chris's business partners in a small publishing enterprise, joined him in the school venture, and the school opened with 28 learners in a church in Durbanville, Cape Town on 15 July 1998. Other founding members were Loch van Niekerk, Eddie Conradie and Thys Franken.

In 2004, Senior Advocate Fef le Roux (Curro's chairperson from 2009 to March 2013) purchased 30% of the company's shares. In 2005, Educor (Pty) Ltd (Educor), a subsidiary of Naspers Ltd (Naspers), acquired 25% of Curro's shares. With this support, the company entered into a business vision of establishing 20 Curro campuses countrywide. When Naspers disposed of Educor in 2006, a pre-emptive right triggered the repurchase of the 25% shares by the founders of the company and Fef le Roux and two of his colleagues at the Cape Bar. At that stage the company had three established schools. At this time, Andries Greyling, the former financial director and now chief executive officer of Curro, also acquired shares in the company.

In 2009, PSG Group Ltd approached Curro and became a 50% partner through their subsidiary, Paladin Capital (Pty) Ltd, at the beginning of 2010. With the adoption of the development plan to have 40 campuses by 2020 and the capital investment that this would entail, Paladin Capital increased its shareholding to 75%.

On 2 June 2011, Curro listed on the JSE (AltX), with a vision of 40 campuses and 45 000 learners by 2020. It raised R318 million through a rights offer soon thereafter.

A further rights offer and private placement to the value of R476 million were completed in July 2012. The capital was utilised for the expansion required at the existing schools and to acquire Woodhill College (Pretoria, Gauteng), Embury College (Durban, KwaZulu-Natal) and Rosen Castle (Durbanville, Western Cape). Rosen Castle laid the foundation for the development of nursery schools under the Curro Castle brand.

Curro also transferred from the JSE's AltX to a Main Board listing in July 2012.

In July 2012, Curro, the Public Investment Corporation (PIC) and Old Mutual, through the Schools Fund (SEIFSA), joined forces to provide R440 million in capital for the development of a group of Meridian schools to accommodate approximately 20 000 learners.

In May 2013 a rights offer and private placement to the value of R661 million took place to enable Curro to expand its existing schools and to develop new schools in Ballito (KwaZulu-Natal) and Port Elizabeth (Eastern Cape). A Curro Castle was also established in George (Western Cape).

In 2013 Curro, through Capmac (Campus and Property Management Company (Pty) Ltd), acquired Northern

Academy (Limpopo), a school in Polokwane with approximately 4 000 learners, 2 500 of whom resided in the school boarding facilities. Meridian Karino (Nelspruit, Mpumalanga) was also developed through Capmac. Curro and Old Mutual, through the Financial Sector Charter Fund, provided another R188 million (collectively referred to as the Meridian joint venture) in capital for the future development of Meridian school properties.

Curro issued R150 million in five-year bonds through a JSE-listed domestic medium-term note programme in 2013.

The 2013 year ended on a high note with 21 027 learners, and five new campuses under construction.

In June 2014 R600 million was raised through a rights offer to enable Curro to expand existing schools, develop new schools in Brackenfell (Western Cape), Secunda (Mpumalanga), Monaghan Farm (Lanseria, Gauteng), Kathu (Northern Cape), Mahikeng (North West) and Soshanguve (Pretoria North, Gauteng), and to acquire Waterstone College (Pty) Ltd (in Johannesburg South, Gauteng) and Grantleigh (KwaZulu-Natal).

In 2014 a further two Meridian schools were developed through the Meridian joint venture – one in Cosmo City (Roodepoort, Gauteng) and one in Newcastle (KwaZulu-Natal).

Curro issued R125 million in five-year bonds through its JSE-listed domestic medium-term note programme and raised R450 million of financing through Standard Bank.

Also in 2014, seven further sites to the value of about R100 million were purchased for future development. The 2014 year ended with approximately 28 737 learners and 10 new campuses, eight of which had been constructed and two acquired.

Curro achieved R1 billion in revenue for the first time in 2015 and achieved its pre-listing objective of 40 campuses five years ahead of its original target of 2020.

In 2015 Curro invested R1 billion in growth and expansion projects, partially funded through a rights offer to the value of R740 million that took place in May 2015. New schools added to the group were in Sitari, Somerset West (Western Cape), Hillcrest (KwaZulu-Natal), Waterfall Estate (Gauteng), Bryanston (Gauteng) and Douglasdale (Gauteng). The three schools in Gauteng were Castles (preschools). R646 million was invested in existing campuses, and about R85 million in the acquisition of sites for future growth.

As at 31 December 2016, the group had 43 183 learners enrolled. The group developed an additional seven campuses during the year, resulting in the group currently having 115 schools (49 campuses). The new schools to the value of R920 million that were added included Waterfall primary school (Gauteng), Curro Century City high school (Western Cape), Curro Krugersdorp high school (Gauteng), Curro Rivonia Castle and primary school (Gauteng), Curro Academy Wilgeheuwel primary and high school (Gauteng), Curro Academy Clayville primary school (Gauteng),

and Curro Academy Pretoria primary and high school (Gauteng). The group also added a tertiary-education campus in Waterfall Estate (Gauteng).

Three acquisitions took place during the 2016 year, namely Windhoek Gymnasium (Namibia), Building Blocks schools (preschool and primary school), and St Conrad's College primary, primary and high school. The total amount invested in growth (i.e. land banking, acquisitions, new schools and expansion on existing campuses) was R1.7 billion.

During 2017, Curro invested R976 million in the construction of five new campuses as well as expansion on existing campuses. The five new campuses included Curro Castle Oskene (Gauteng), Curro Castle Uitzicht (Western Cape), Curro Academy Mamelodi (Gauteng), Curro Academy Riverside (Gauteng) and Curro Academy Sandown (Western Cape).

Expansion projects included significant expansions at Curro Roodeplaas (high school), Curro Academy Wilgeheuwel (high school), Windhoek Gymnasium (Namibia), Curro Hillcrest Academy and Curro Hermanus.

It was also during this year that the tertiary-education business, Stadio, listed separately on the Main Board of the JSE and unbundled from Curro on 3 October 2017.

2018 saw the expansion of the group with the acquisition of Dot's Learning Centre, a special-needs learning centre (Western Cape), Cooper College (including Magic Beings) in Gauteng, Baobab School (Gaborone, Botswana), and Northriding College (Gauteng).

The construction of six new campuses to the value of R398 million escalated the number of campuses to 58 and the number of schools to 138. These campuses included Curro Vanderbijlpark and Edenvale (both in Gauteng), Curro Academy schools at Parkdene (Boksburg), Protea Glen (Soweto) and Savanna City (Johannesburg), as well as a Curro Castle at Burgundy Estate (Cape Town).

R603 million was invested in the expansion of existing campuses, which included significant expansions at Curro Roodeplaas, Curro Academy Wilgeheuwel, Windhoek Gymnasium (Namibia), Curro Midrand (previously Building Blocks), and Curro Heritage House (previously Curro Embury).

By January 2019, both organic and acquisitive growth had contributed to more than 57 000 learners across 68 campuses (164 schools) attending a Curro school in 2019.

In addition, Curro extended its brand offering in January 2019 with the opening of Curro Foreshore (Cape Town), a new tech-focused schooling model. This school provides a progressive curriculum focused on Mathematics, Science, Robotics and Coding – essential subjects for learners to operate in the fourth industrial revolution era.

Curro also opened the doors of Curro Private College Rivonia (Gauteng). This educational facility is the first in our stable to offer the National Certificate Vocational (NCV) as an alternative to the National Senior Certificate. The college's focus in 2019 is on an NCV programme for Information Technology and Computer Sciences.



#Learners2Leaders: Curro Aurora

Abbreviation	Description
AFS	Audited financial statements
AGM	Annual general meeting
B-BBEE	Broad-based black economic empowerment
Board	Governing body or the board of directors of Curro Holdings Limited
Capmac	Campus and Property Management Company (Proprietary) Limited
CAPS	Curriculum Assessment Policy Statements
CCMD	Curro Curriculum Management and Delivery
CEO	Chief executive officer
CFO	Chief financial officer
CIO	Chief investment officer
Companies Act	Companies Act of South Africa, as amended
Company	Curro Holdings limited, an organisation registered as a public company and listed on the JSE Limited with registration number 1998/025801/06
CSDP	Central securities depository participant
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Exco	Executive committee
Group	Curro Holdings Limited and its subsidiaries
HEPS	Headline earnings per share
HR	Human resources function
IEB	Independent Examinations Board
IFRS	International Financial Reporting Standards
ISCR	Interest Service Cover Ratio
IT	Information and technology and/or information technology and systems
JSE	JSE Limited
King IV	King IV Report on Corporate Governance™ for South Africa, 2016. Copyright and trademarks are owned by the Institute of Directors in southern Africa NPC and all of its rights are reserved.
Land banking	The acquisition of land for the purpose of developing schools
LSEN	School for learners with special needs
Ltd	Limited
LTI	Long-term incentive
Meridian	In July 2012, Curro, the Public Investment Corporation (PIC) and Old Mutual, through the Schools Fund (SEIFSA), provided R440 million in capital for the development of a group of Meridian schools to accommodate approximately 20 000 learners. In 2017, Curro and Old Mutual, through the Financial Sector Charter Fund (FSC Fund), provided another R188 million in capital for the future development of Meridian school properties. Capmac owns the properties, and the schools owned by Meridian Operations Company (RF) NPC are managed by Curro. In the report, reference to Meridian relates to this ring-fenced venture, the main purpose of which is to provide affordable quality education. Curro owns 65% of the equity of Capmac.
MOI	Memorandum of incorporation
NCV	National Certificate Vocational
NSC	National Senior Certificate
OHASA	Occupational Health and Safety Act No 85 of 1993, as amended
Old Mutual/OMLACSA	Old Mutual Life Assurance Company South Africa Ltd
PAC	Parent Advisory Committee
PAT	Profit after tax
PBL	Project-based learning
PIC	Public Investment Corporation
Pty (Ltd)	Proprietary Limited
SEIFSA or Schools Fund	Schools and Education Investment Impact Fund of South Africa
SENS	Stock Exchange News Service
STEAM(D)	Science, Technology, Engineering, Arts, Mathematics and Design
STI	Short-term incentive
TCTC	Total-cost-to-company
Umalusi	The Umalusi Council for Quality Assurance in General and Further Education and Training

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Independent schools and education services
Directors	<p>Executive</p> <p>Mr AJF Greyling Mr HG Louw Mr B van der Linde</p> <p>Non-executive</p> <p>Mr PJ Mouton Dr CR van der Merwe</p> <p>Independent non-executive</p> <p>Ms SL Botha (chairperson) Mr ZL Combi Ms ZN Mankai Prof. SWF Muthwa Mr B Petersen Mr DM Ramaphosa</p>
Registered office and business address	38 Oxford Street Durbanville Cape Town South Africa 7550
Postal address	PO 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
Auditor	PricewaterhouseCoopers Inc.
Company secretary	Mr IWM Isdale
Company registration number	1998/025801/06
Tax reference number	9159/070/02/9
Level of assurance	The 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



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