THE SMALL ENTERPRISE FOUNDATION
(NON-PROFIT COMPANY)
(Registration number: 1991/003485/08)

AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2018

PREPARER OF FINANCIAL STATEMENTS

The financial statements have been prepared by:
B Vilankulu B.Comm AGA (SA)
under the supervision of:
C van Vuuren CA (SA)
Financial Manager

THE SMALL ENTERPRISE FOUNDATION
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ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2018

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DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The annual financial statements have been prepared in terms of International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa, 2008.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for the foreseeable future.

The annual financial statements, set out on pages 7 to 48, were approved by the board of directors on 24 October 2018 and are signed on its behalf by:

DIRECTOR

DIRECTOR

Deloitte.

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Gallo Manor 2052
South Africa

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE SMALL ENTERPRISE FOUNDATION (NON-PROFIT COMPANY)

Report on the Audit of the Financial Statements

Opinion

We have audited the annual financial statements of The Small Enterprise Foundation NPC set out on pages 7 to 48, which comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Small Enterprise Foundation NPC as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises Directors' Responsibility Statement and Approval and the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, 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 Financial Statements

The directors are responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Other Reports required by the Companies Act

As part of our audit of the financial statements for the year ended 30 June 2018, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The report is the responsibility of the respective preparers. Based on reading the report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited the report and accordingly do not express an opinion on the report.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: T Magare
Partner
30 October 2018

THE SMALL ENTERPRISE FOUNDATION
(Non-Profit Company)
DIRECTORS' REPORT
for the year ended 30 June 2018

The directors have pleasure in presenting their report on the performance of the organization for the year ended 30 June 2018.

Business review

The principal business of the organisation is to motivate the poor to take up income generating activities and to extend credit to micro entrepreneurs to enable them to realise their potential and thereby generate income and employment. The company is registered with the National Credit Regulator.

The Small Enterprise Foundation has, since inception, granted 2 985 740 (2017: 2 568 442) loans to the value of R 7.2 billion (2017: R 5.7 billion). In the current year the organisation granted 417 298 (2017: 382 288)) loans to the value of R 1.4 billion (2017: R 1.1 billion).

The Small Enterprise Foundation is incorporated in the Republic of South Africa as a non–profit company with the aim of providing micro finance to the poor and very poor. No holding company or parent company has any interest in the organisation and all its operations are conducted in the Limpopo, Mpumalanga, North West, Gauteng and Eastern Cape provinces of South Africa. The head office is situated in Tzaneen in the Limpopo province.

Operating results

Results for the year ended 30 June 2018 are set out on pages 7 to 48 of the annual financial statements. The directors are pleased to report a 17% increase in loans and advances as well as a 16% increase in revenue. Expenses, excluding finance costs and impairment of advances, increased by 18%.

Credit losses and impairment

In cases where borrowers experience death amongst their members, the company will decrease the borrower's repayment and write-off the amount owed by the member. Such write-offs are classified as provisions for write offs incurred not yet reported. An amount of R 2 917 045 (2017: R 2 262 475) was written off during the year under review. An amount of R 3 389 965 (2017: R 2 884 090) was provided for.

A debt is considered irrecoverable once it is 90 days in arrears. An amount of R 4 078 201 (2017: R 3 802 675) was written off during the year under review. An amount of R 2 124 398 (2017: R 1 927 774) was provided for.

We believe that this excellent performance will be maintained due to the nature of the lending procedures employed, the diligence of the field staff and the commitment of clients.

The only instance where the organisation allows the renegotiation of overdue loans is where clients are able to provide medical evidence of long-term illness. Such amounts are not written off, and the respective clients are urged to continue with loan repayments when their condition improves. The aggregate amount renegotiated in this way since inception and still outstanding at year-end was R 817 081 (2017: R 864 274).

THE SMALL ENTERPRISE FOUNDATION
(Non-Profit Company)
DIRECTORS' REPORT (continued)
for the year ended 30 June 2018

Credit losses and impairment (continued)

A provision for bad debt is created for all current and loans in arrears up to 90 days. The provision is calculated based on historical information of outstanding loans for the previous 12 months and is calculated for the following categories:

Current	Microcredit Programme (MCP) 0.04% and Tšhomisano Credit Programme (TCP) 0.06% of the outstanding group loan amount is provided
1 - 30 days in arrears	MCP 16.62% and TCP 12.22% of the outstanding group loan amount is provided
31 - 60 days in arrears	MCP 50.36% and TCP 45.74% of the outstanding group loan amount is provided
61 - 90 days in arrears	MCP 54.86% and TCP 51.72% of the outstanding group loan amount is provided
91 days and older	The group loan is written off as bad debt if considered bad and irrecoverable

Subsequent events

The company sold erf 199 Tzaneen ext 4 situated at 42 Boundary Road, Tzaneen on 30 August for R 3.4m excluding VAT. No other events have occurred between the financial year-end and the date of this report that are expected to have a material adverse effect on either the operations of the company or its financial position.

Directors, secretary and auditors

The directors of the company for the year under review were as follows:

Mr Matome Patrick Malatji (Independent non-executive)
Ms Maria Albertina Kirsten (Independent non-executive)
Mr Mutle Constantine Mogase (Independent non-executive)
Mr John Robert de Wit (Managing Director)
Mr Simpiwe Hemming Somdyala (Independent non-executive Chairperson)
Ms Refilwe Nompumelelo Mokoena (Independent non-executive appointed 29 March 2017)
Mrs Mmaboshadi Chauke (appointed 3 September 2018)
Ms Yolisa Unati Mabandla (appointed 3 September 2018)

Secretary and Public Officer - Nexia Levitt Kirson and John Robert de Wit
Auditors - Deloitte & Touche

Business address and Domicile	**Postal address**
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THE SMALL ENTERPRISE FOUNDATION
(Non-Profit Company)
STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Notes	2018	2017
		R	R
ASSETS			
Non-current assets			
Property and equipment	2	15 136 179	14 882 881
Intangible assets	3	1 701 871	821 556
Total non-current assets		16 838 050	15 704 437
Current assets			
Loans and advances	4	485 028 422	413 204 386
Other receivables	5	5 568 764	2 915 384
Cash and short term funds		4 339 033	15 186 241
Total current assets		494 936 219	431 306 011
TOTAL ASSETS		**511 774 269**	**447 010 448**
FUNDS AND LIABILITIES			
Funds			
Non-distributable reserve	6	1 049 389	1 049 389
General capital reserve	7	40 158 370	40 120 094
Development reserve	8	6 654 459	6 654 459
Educational reserve	9	20 188	20 188
Retained earnings		59 318 534	44 282 160
Total funds		107 200 940	92 126 290
Non-current liabilities			
Long term loans	10	181 697 392	195 722 383
Current liabilities			
Short term loans	11	195 769 948	136 515 633
Trade and other payables	12	5 891 033	5 029 777
Provisions	13	7 214 669	7 029 015
Accruals	14	14 000 287	10 587 350
Total current liabilities		222 875 937	159 161 775
TOTAL FUNDS AND LIABILITIES		**511 774 269**	**447 010 448**

THE SMALL ENTERPRISE FOUNDATION
(Non-Profit Company)
STATEMENT OF SURPLUS / (DEFICIT) AND COMPREHENSIVE INCOME
for the year ended 30 June 2018

NET SURPLUS	Notes	2018	2017
		R	R
Revenue	15	269 525 565	231 449 054
Finance costs	16	(42 314 870)	(36 655 108)
Impairment of advances	17	(6 177 777)	(3 244 554)
Provision for loans and advances	4	(702 499)	1 126 779
Margin on lending activities		**220 330 419**	**192 676 171**
Operating expenses	23	(124 179 544)	(108 640 976)
Operating income		**96 150 875**	**84 035 195**
Sundry income		1 996 828	2 411 374
Profit on disposal of property and equipment		136 310	178 181
Income before head office expenses		**98 284 013**	**86 624 750**
Head office expenses	24	(83 247 639)	(67 350 683)
Surplus before grants	18	**15 036 374**	**19 274 067**
Capital grants utilised	19	38 276	301 899
Surplus for the year		**15 074 650**	**19 575 966**
Capital grants utilised*	19	(38 276)	(301 899)
Surplus for the year after grants		**15 036 374**	**19 274 067**
Other Comprehensive income		-	-
Total comprehensive income		**15 036 374**	**19 274 067**

THE SMALL ENTERPRISE FOUNDATION
(Non-Profit Company)
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2018

	Notes	Non-Distributable reserve R	General capital reserve R	Development reserve R	Educational reserve R	Retained earnings R	Total R
Balance as at 1 June 2017		**1 049 389**	**39 818 195**	**6 654 459**	**20 188**	**25 008 093**	**72 550 324**
Surplus for the year after grants		-	-	-	-	19 274 067	19 274 067
Grant income*		-	301 899	-	-	-	301 899
Balance as at 30 June 2017		**1 049 389**	**40 120 094**	**6 654 459**	**20 188**	**44 282 160**	**92 126 290**
Surplus for the year after grants		-	-	-	-	15 036 374	15 036 374
Grant income*		-	38 276	-	-	-	38 276
Balance as at 30 June 2018		**1 049 389**	**40 158 370**	**6 654 459**	**20 188**	**59 318 534**	**107 200 940**

* Capital grants utilized were recognised as income. The capital grants were then transferred to the General capital reserve as these grants were specifically received from donors to be used as loan capital.

THE SMALL ENTERPRISE FOUNDATION
(Non-Profit Company)
STATEMENT OF CASH FLOWS
for the year ended 30 June 2018

	Notes	2018	2017
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised in operations	A	(10 645 177)	(56 192 258)
Finance costs		(42 314 870)	(36 655 108)
Net cash used in operating activities		(52 960 047)	(92 847 366)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(3 017 635)	(2 559 239)
Additions to intangible assets		(1 478 636)	(674 502)
Proceeds on disposal of property and equipment		136 310	221 301
Net cash outflows from investing activities		(4 359 961)	(3 012 440)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short terms loans		59 254 314	67 283 234
(Decrease)/Increase in long term loans		(12 819 790)	16 934 007
Capital grants utilised		38 276	301 899
Net cash inflows from financing activities		46 472 800	84 519 140
NET DECREASE IN CASH AND CASH EQUIVALENTS		(10 847 208)	(11 340 666)
Cash and cash equivalents at beginning of the financial year		15 186 241	26 526 907
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	B	4 339 033	15 186 241

THE SMALL ENTERPRISE FOUNDATION
(Non-Profit Company)
NOTES TO THE STATEMENT OF CASH FLOWS
for the year ended 30 June 2018

	2018	2017
	R	R
A. CASH UTILISED IN OPERATIONS		
Surplus before grants	15 036 374	19 274 067
Adjusted for:		
- Finance costs	42 314 870	36 655 108
- Depreciation	2 764 337	2 536 099
- Amortisation of intangible assets	598 321	771 207
- (Profit) on disposal of property and equipment	(136 310)	(178 181)
- Bad debt and death write offs	6 995 246	6 065 150
- (Decrease) / Increase in provisions	(7 214 669)	1 017 454
- Revaluation of long term loans	(1 205 200)	-
Operating surplus before working capital changes	59 152 969	66 140 904
Adjusted for changes in working capital:		
- Increase in other receivables	(2 653 380)	198 723
- Increase / (Decrease) in trade and other payables	861 256	(86 017)
- Increase in other accruals and provisions	11 515 759	5 801 095
- Increase in loans and advances excluding provisions	(79 521 781)	(128 246 963)
Cash utilised in operations	(10 645 177)	(56 192 258)

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2018	2017
Balances with banks	6 772 058	19 023 499
Bank overdrafts	(2 433 025)	(3 837 258)
Total balances with banks	4 339 033	15 186 241

1 Accounting policies

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa, 2008. The annual financial statements are prepared on the historical cost basis, except for certain financial instruments which are fair valued. The following principal accounting policies have been incorporated, and are consistent with prior years in all material respects:

1.1 Interest earned on advances

Interest earned on advances is recognised using the effective interest rate method over the term of the loans. No interest rate risk exists on advances as interest is not linked to market changes but remains constant even when repo rate changes are made.

1.2 Other interest received

Other interest received is accrued on a daily basis using the effective interest rate method.

1.3 Initiation and service fees

Initiation fees are capitalised to the loan balance and recognised at amotised cost. The initiation fees are then released to the statement of comprehensive income as revenue over the period of the loan. All transaction costs incurred to issue loans are also capitalised to the loan balances. Activities that relate to a service to clients are recognised as initiation fee revenue on day one. Service fees are recognised as income on a monthly basis as they are received.

1.4 Grants received

Operational grants received

These are grants which are specifically designated to be utilised for operational expenses, where the expenses to which they relate have actually been incurred and charged to income in the same period, and where all the contractual conditions for payment of the grant amount have been met.

Grants for loan capital

Grants designated for loan capital or not specifically designated as operational grants are recognised in the statement of comprehensive income when utilized. These grants are then transferred to the General Capital reserve.

1.5 Property and equipment

Property is initially recognised at cost and revalued once every three years – buildings are carried at their revalued amount less accumulated depreciation. Equipment is stated at historical cost and is depreciated to their residual value using the straight-line method over the estimated useful lives of assets. The following rates of depreciation have been used:

Furniture and fittings	5 years
Office equipment	5 years
Computer equipment	3 years
Motor vehicles	4 years
Buildings	40 years

Land is not depreciated.

The carrying amounts of property and equipment are written down to their estimated recoverable amounts, where the estimated recoverable amount is lower than the carrying value.

1 Accounting policies (continued)

1.6 Intangible assets

Computer software

Computer software that is acquired by the company is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Expenditure on research activities undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as an expense as incurred.

Development costs

Expenditure on development activities, for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible, cost can be measured reliably, future economic benefits are probable and the company has the ability to complete the development. The expenditure capitalised includes all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date or whenever there is an indication that they are impaired. Other intangible assets are amortised from the date they are available for use. The estimated useful lives of the current and prior years are as follows:

Computer software	3 years
Management information systems	3 years

1.7 Financial assets and financial liabilities

Financial assets and financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instrument.

All financial instruments are initially measured at cost, which is the fair value of the consideration given or received in exchange for these instruments, less any impairment.

At reporting date, the company's principal financial assets included cash, short term funds, loans and advances and other receivables. Loans and advances are measured at amortised cost. Cash, short term funds and other receivables are stated at their nominal values which approximate fair values. All financial assets are reduced by appropriate allowances for estimated irrecoverable amounts where applicable.

At reporting date, the company's principal financial liabilities included trade and other payables, short and long term loans. Short and long term loans are measured at amortised cost. Trade and other payables are stated at their nominal value which approximates fair value.

1 Accounting policies (continued)

1.8 Retirement benefits

Contributions to retirement benefit funds are charged to the statement of comprehensive income

1.9 Provisions

Provisions for staff related expenses such as outstanding leave days not taken at year end and 13^{th} cheques are made at total cost to the organisation as at reporting date.

Provision for audit fees and workmen's compensation are based on estimates as at reporting date.

1.10 Loans and advances with credit balances

Loans and advances with credit balances older than three years are recognised in the statement of comprehensive income as revenue.
Claims for amounts which have been recognised in the statement of comprehensive income are refunded to clients.

1.11 Operational grant income

The company currently discloses operational grants on the statement of comprehensive income as other income separately after surplus or loss for the year.
The related expenses are deducted from operational grant income and disclosed as a net amount in the statement of comprehensive income.

2. Property and equipment

	Land & buildings R	Furniture & fittings R	Office equipment R	Computer equipment R	Motor vehicles R	Total R
2018						
Cost						
At beginning of year	11 850 184	2 959 732	3 471 651	7 647 621	1 116 947	27 046 135
Additions	355 685	373 123	578 568	1 108 631	601 628	3 017 635
Disposals	-	-	-	-	(269 307)	(269 307)
At end of year	**12 205 869**	**3 332 855**	**4 050 219**	**8 756 252**	**1 449 268**	**29 794 463**
Accumulated depreciation						
At beginning of year	(1 486 369)	(2 140 198)	(2 380 008)	(5 601 734)	(554 945)	(12 163 254)
Depreciation	(301 673)	(350 028)	(437 146)	(1 387 438)	(288 052)	(2 764 337)
Disposal Depreciation	-	-	-	-	269 307	269 307
At end of year	**(1 788 042)**	**(2 490 226)**	**(2 817 154)**	**(6 989 172)**	**(573 690)**	**(14 658 284)**
Carrying value	**10 417 827**	**842 629**	**1 233 065**	**1 767 080**	**875 578**	**15 136 179**

The company adopted a policy of revaluing their land and buildings once every 3 years. The last revaluation was performed in 2016. If the impact of all revaluations are ignored, the carrying value of land and buildings as at 30 June 2018 would be R 9 368 438 (2017: R 9 314 426) c

2. Property and equipment

	Land & buildings R	Furniture & fittings R	Office equipment R	Computer equipment R	Motor vehicles R	Total R
2017						
Cost						
At beginning of year	11 839 979	2 773 882	2 889 921	6 295 286	1 234 713	25 033 781
Additions*	10 205	185 850	581 730	1 369 184	412 270	2 559 239
Disposals	-	-	-	(16 849)	(530 036)	(546 885)
At end of year	**11 850 184**	**2 959 732**	**3 471 651**	**7 647 621**	**1 116 947**	**27 046 135**
Accumulated depreciation						
At beginning of year	(1 189 979)	(1 817 227)	(2 005 805)	(4 361 268)	(756 641)	(10 130 920)
Depreciation	(296 390)	(322 971)	(374 203)	(1 245 614)	(296 921)	(2 536 099)
Disposal Depreciation	-	-	-	5 148	498 617	503 765
At end of year	**(1 486 369)**	**(2 140 198)**	**(2 380 008)**	**(5 601 734)**	**(554 945)**	**(12 163 254)**
Carrying value	**10 363 815**	**819 534**	**1 091 643**	**2 045 887**	**562 002**	**14 882 881**

*This amount represents improvements to office premises

The company adopted a policy of revaluing their land and buildings once every 3 years. The last revaluation was performed in 2016. If the impact of all revaluations are ignored, the carrying value of land and buildings as at 30 June 2017 would be R 9 314 426 (2016: R 9 600 611)

THE SMALL ENTERPRISE FOUNDATION
(Non-Profit Company)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2018

3. Intangible assets

	2018 Computer software R	2018 Management information system R	2018 Total R	2017 Computer software R	2017 Management information system R	2017 Total R
Cost						
At beginning of year	1 059 558	3 919 411	4 978 969	897 146	3 407 321	4 304 467
Additions	62 318	1 416 318	1 478 636	162 412	512 090	674 502
Disposals	-	-	-	-	-	-
At end of year	**1 121 876**	**5 335 729**	**6 457 605**	**1 059 558**	**3 919 411**	**4 978 969**
Accumulated amortisation						
At beginning of year	(894 987)	(3 262 426)	(4 157 413)	(680 941)	(2 705 265)	(3 386 206)
Amortisation	(121 465)	(476 856)	(598 321)	(214 046)	(557 161)	(771 207)
Disposal Amortisation	-	-	-	-	-	-
At end of year	**(1 016 452)**	**(3 739 282)**	**(4 755 734)**	**(894 987)**	**(3 262 426)**	**(4 157 413)**
Carrying value	**105 424**	**1 596 447**	**1 701 871**	**164 571**	**656 985**	**821 556**

	2018	2017
	R	R
4 Loans and advances		
Gross advances	482 107 408	411 184 328
Accrued interest on advances	8 435 377	6 831 922
Provision for bad debt	(2 124 398)	(1 927 774)
Incurred but not reported provision (death write-offs)	(3 389 965)	(2 884 090)
	485 028 422	**413 204 386**
Movement in impairment provision:		
Balance at beginning of the year	4 811 864	5 938 643
Current year movement in provision	702 499	(1 126 779)
	5 514 363	**4 811 864**

Advances are funded out of loans and capital grants received.

The company's Head Office is in Tzaneen and is operational in the surrounding areas of the Limpopo, Mpumalanga, Eastern Cape and North West Provinces of South Africa. Individual loans in group lending do not exceed R 22 000. Individual loans not within group lending do not exceed R 100 000.

Effective interest rates, based on a declining balance, are charged at a fixed rate and initiation and service fees are also charged. Rates do not fluctuate with changes to repo rate changes and no provision is calculated for rate changes.

Due to the fact that the interest rate on advances does not fluctuate with changes in the repo rate and due to the fact that the advances have a short time to maturity, the carrying amounts approximate fair value. The average loan periods are between four to six months.

	2018	2017
	R	R

4 Loans and advances (continued)

A total amount of R 5 136 098 (2017: R 4 321 131) of advances was in arrears at the financial year end. An analysis of the arrears for the current year is presented below.

	2018 R	2017 R
Rescheduled loans	817 081	864 274
1 – 30 days	3 109 903	2 424 888
31 – 60 days	683 599	584 538
61 – 90 days	498 971	447 431
> 90 days	26 544	-
	5 136 098	**4 321 131**

A rescheduled loan is a loan for which the company has agreed to delay the repayment dates or amounts due to a member's 'long-term illness'. The member must sign an acknowledgement of debt promising to repay the company once the member has recovered from his/her illness. If no loan repayment is received for 12 consecutive months, then the rescheduled loan is written off.

5 Other receivables

	2018 R	2017 R
Other receivables include small loans generally available for salary advances, study loans, housing and car loans given to staff. The loans carry interest at the prime rate plus three percent while study loans are interest free. There were no arrears in respect of staff loans (2017: R nil) at the financial year end. Loans are normally repaid over a period of two years while the housing loans are repaid over 5 years.	27 362	26 341
Other staff loans	92 063	277 472
Rental deposits	604 274	112 935
Accrued debtors	1 737 914	1 040 148
Prepayments	3 107 151	1 458 488
Due to the fact that the other receivables have a short time to maturity, the carrying amount approximates fair value.		
	5 568 764	**2 915 384**

Other receivables are neither past due nor impaired.

	2018	2017
	R	R

6 Non-distributable reserve

The non-distributable reserve represents the revaluation of properties. Revaluations are done every three years. The properties at 42 Boundary road, Tzaneen, 8 First Avenue and 5 Second Avenue, Medipark, Tzaneen were revalued downwards by R 1 105 212 in 2016.

	2018 R	2017 R
Balance at beginning of year	1 049 389	1 049 389
Balance at the end of the year	**1 049 389**	**1 049 389**

7 General capital reserve

The general capital reserve consists of grants received from donors other than USAID (United States Agency for International Development - see note 8). Such grants are, for the most part, non-recurring grants from a variety of organisations wanting to express their interest in, and support of, the work performed by the company. During the year grants were received from DM Edwards, Bright Funds Foundation, Bruce Chelius, Jadayarbrough, SA Hall, C Batzofin and Fefisol. All grants have been designated by the donors concerned as loan capital to be utilised for future disbursements of loans to clients.

	2018 R	2017 R
Balance at beginning of year	40 120 094	39 818 195
Movement in general capital reserve	38 276	301 899
Balance at the end of the year	**40 158 370**	**40 120 094**

8 Development reserve

The development reserve comprises mainly of grants received from USAID (United States Agency for International Development). These grants are utilised for lending.

	2018 R	2017 R
Balance at beginning and end of year	**6 654 459**	**6 654 459**

	2018	**2017**
	R	**R**

9 Educational reserve

The educational reserve consists of small individual grants. The donors have requested the funds be used to disburse educational loans to existing members of the organisation under an educational loan programme introduced in 1998. As from July 2007 these loans were discontinued.

	2018 R	2017 R
Balance at beginning and end of year	**20 188**	**20 188**

10 Long term loans

Hivos Triodos Bank

The balance owing to Hivos Triodos Bank at 30 June 2018 consists of 3 facilities namely:

R 15.25 million facility was signed in June 2012. The R 10 million was received in July 2012. R 2 million from a R4 million facility signed in June 2011 and R 3.25 million from a facility signed in 2008 were transferred on 31 December 2012 to form part of this facility. This facility was renegotiated in October 2015 and is repayable in September 2018 in one instalment. Interest is paid at prime plus 3%.

R 7.5 million facility was signed in 2008 and received in November 2008. This facility was renegotiated in October 2015 and is repayable in September 2018 in one instalment. Interest is paid at prime plus 3%.

R 40 million facility was signed in October 2015 and received in October 2015. This facility is repayable in September 2018 in one instalment. Interest is paid at prime plus 3%.

The loans are unsecured.

	2018 R	2017 R
Balance	65 464 775	65 517 210
Short term portion transferred to current liabilities	(65 464 775)	-
Long term portion	**-**	**65 517 210**

	2018	2017
	R	R

10 Long term loans (continued)

Fefisol / Sidi

In January 2017 the Company entered into a R 14.4 million loan agreement with Solidarité Internationale pour le Développement et l'Investissement (SIDI) and Fonds Européen de Financement Solidaire (FEFISOL) S.A., SICAV-SIF. The term of this loan is 5 years. Interest is calculated at a fixed rate of 13% and is payable monthly. Repayment of capital will commence 6 months after the date of the first drawdown. The first two capital instalments will be 10% of disbursed amount and the last four will be 20% of the disbursed amount. The facility is unsecured.

	2018 R	2017 R
Balance	11 811 200	14 764 000
Short term portion transferred to current liabilities	(5 760 000)	(2 880 000)
Long term portion	**6 051 200**	**11 884 000**

Oikocredit

In March 2015 the Company entered into a loan agreement with Oikocredit for R 35 million. Interest is calculated at repo rate plus 3.5%. Interest for the first 6 months was fixed at 9.25%. Interest is payable 6 months after the first advance. Capital is repayable in 7 equal instalments starting 12 months from the first advance. The loan was drawn down in two equal instalments of R 15 million in April and R 20m in September 2015.

In October 2016 the Company entered into a revolving credit facility with Oikocredit for R 40m. Interest is calculated at repo rate plus 3.5%. Interest for the first 6 months is fixed at 9.75%. Interest is payable semi-annually 6 months after the first advance. Capital is repayable in 7 equal instalments starting 12 months from the first advance. There was nothing owed on this facility at 30 June 2018.

In March 2018 the Company entered into a loan agreement with Oikocredit for R 15 million. Interest is calculated at repo rate plus 3.5%. Interest for the first 6 months was fixed at 9.75% if drawn down within 3 months from approval. Interest is payable 6 months after the first advance. Capital is repayable in 7 equal instalments starting 12 months from the first advance. The loan was undrawn at 30 June 2018.

These loans are unsecured.

	2018 R	2017 R
Balance	10 196 575	60 622 193
Short term portion transferred to current liabilities	(10 196 575)	(50 235 890)
Long term portion	**-**	**10 386 303**

10 Long term loans (continued)

Swedfund

In 2012 the Company entered into a loan agreement with Swedfund. The maximum loan facility under this loan is R 20 million. The full facility was drawn during the 2013 financial year. The interest is calculated at the 6 month JIBAR (Johannesburg Inter-bank Acceptance Rate) plus 5.3%. The loan is payable in 8 equal half yearly instalments starting in December 2014. The loan is unsecured.

	2018 R	2017 R
Balance	-	4 994 002
Short term portion transferred to current liabilities	-	(4 994 002)
Long term portion	-	-

10 Long term loans (continued)

FMO

In November 2015 the Company entered into a loan agreement with Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. A fixed interest rate is calculated for each disbursement based on the equivalent in local currency of 6 months USD Libor plus 3.90% pa. The loan capital is payable in 8 semi-annual instalments starting from 20 May 2017. Interest is payable quartely, starting from 20 November 2016. The loan was drawn down on 27 October 2016.

In December 2017 the Company entered into a loan agreement with Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. The interest rate is calculated for each disbursement and each interest period based on the equivalent in local currency of 3 months Jibar plus 4.10% pa. The loan capital is payable in 8 semi-annual instalments starting from 20 May 2019. Interest is payable quartely, starting from 20 February 2019. The loan was undrawn at 30 June 2018.

The loan is unsecured.

	2018 R	2017 R
Balance	19 007 292	26 341 340
Short term portion transferred to current liabilities	(7 500 000)	(7 500 000)
Long term portion	**11 507 292**	**18 841 340**

Cadiz

In April 2013 the Company entered into a new loan agreement with Cadiz for R 20 million. The loan carries interest at prime plus 2%. Interest is capitalised and payable every 6 months. The first interest payment was due and paid on 1 November 2013. Capital repayments are due 6 months after the draw down and payable in 10 equal instalments. The full facility was drawn down in 2013. The facility is unsecured. The full facility was repaid in April 2018.

In September 2016 the Company entered into a new loan agreement with Cadiz for R 10 million. The loan carries interest at prime plus 1%. Interest is capitalised and payable every 6 months. The first interest payment was due on 31 March 2017 and paid on 17 March 2017. Capital repayments are due 6 months after the draw down and payable in 6 bi-annual instalments. The full facility was drawn down in 2017. The facility is unsecured. The facility was fully repaid in April 2018.

In March 2018 the Company entered into a revolving credit facility with Cadiz for R 20m. Interest is calculated at prime plus 1% payable monthly. Capital is repayable on the 36th month from the date of the first draw down.

	2018 R	2017 R
Balance	20 000 000	14 346 423
Short term portion transferred to current liabilities	(20 000 000)	(7 131 790)
Long term portion	**-**	**7 214 633**

	2018	2017
	R	R

10 Long term loans (continued)

Whole Planet Foundation

In May 2013 the Company entered into a loan agreement with Whole Planet Foundation for R 1 419 015. This loan is interest free. Capital is repayable in 12 equal monthly instalments starting on 31 July 2016. This loan is unsecured.

In August 2013 the company entered into a second loan agreement with Whole Planet Foundation for R 1 068 098. This loan is interest free. Capital is repayable in 12 equal monthly instalments starting on 31 October 2016. This loan is unsecured.

In December 2014 the company entered into a third loan agreement with Whole Planet Foundation for R 1 710 075. This loan is interest free. Capital is repayable in 12 equal monthly instalments starting on 31 January 2018. This loan is unsecured.

In September 2015 the company entered into a fourth loan agreement with Whole Planet Foundation for R 4 735 255. This loan is interest free. Capital is repayable in 12 equal monthly instalments starting on 31 October 2018. This loan is unsecured.

In August 2016 the company entered into a fifth loan agreement with Whole Planet Foundation for R 5 602 150. This loan is interest free. Capital is repayable in 12 equal monthly instalments starting on 31 October 2019. This loan is unsecured.

	2018	2017
Balance	11 228 841	11 403 204
Short term portion transferred to current liabilities	-	(285 000)
Long term portion	**11 228 841**	**11 118 204**

	2018	2017
	R	R

10 Long term loans (continued)

Freddie Marincowitz Welfare Trust

In September 2010 the Company entered into a loan agreement with The Freddie Marincowitz Family Trust. This loan agreement was amended in September 2012 to state that the loan is repayable on 3 months' notice only. The loan was amended in March 2017 whereby the The Freddie Marincowitz Family Trust was changed to Freddie Marincowitz Welfare Trust. The loan amount advanced was R 10 million. This loan carries interest at 30% of the prime interest rate. The facility is unsecured.

	2018 R	2017 R
Balance	10 100 569	10 104 833
Short term portion transferred to current liabilities	(10 100 569)	(10 104 833)
Long term portion	-	-

Atlantic Asset Management

In February 2015 the Company entered into a loan agreement with Atlantic Asset Management. The loan carries interest at prime plus 1%. Interest is paid monthly. The capital amount of R 30 million is repayable every 6 months in 10 equal instalments. Capital repayments are due 6 months after the draw down date. The full facility had been drawn down in 2015. The facility is unsecured.

	2018 R	2017 R
Balance	12 101 262	18 158 794
Short term portion transferred to current liabilities	(6 000 000)	(6 000 000)
Long term portion	**6 101 262**	**12 158 794**

	2018	2017
	R	R

10 Long term loans (continued)

SEFA

In September 2016 the Company entered into a revolving credit facility with SEFA for R 30 million. The loan carries interest at prime less 1.0%. Capital is repayable no later than 60 months from 31 December 2016. The Company drew down R 20 million of the facility at 30 June 2017. Interest is capitalized monthly. The loan is repayable in 60 instalments together with interest commencing 3 months after disbursement. The facility is secured through a cession of book debts funded by SEFA.

In May 2018 the Company entered into a revolving credit facility with SEFA for R 30 million. The loan carries interest at a fixed rate of 11.0%. Capital is repayable no later than 60 months from the date of the first advance / disbursement. The Company drew down R 20 million of the facility at 27 June 2018. Interest is capitalized ans payable monthly. The facility is secured through a cession of book debts of R 15 million funded by SEFA.

	2018 R	2017 R
Balance	53 140 389	19 365 317
Short term portion transferred to current liabilities	(13 171 429)	(5 265 708)
Long term portion	**39 968 960**	**14 099 609**

Oxfam Novib

In May 2014 the Company entered into a loan agreement with Oxfam Novib represented by Triple Jump for R 9 588 950. This loan carries interest at 8.75% for the first year. The loan carries interest at a fixed rate of 13.50%. Interest is payable semi-annually starting six months after the commencement date. The capital amount is repayable in one instalment on 15 November 2019. The full facility had been drawn down. The facility is unsecured.

In November 2015 the Company entered into a loan agreement with Oxfam Novib represented by Triple Jump for R 4 549 677. The loan carries interest at a fixed rate of 13.50%. Interest is payable semi-annually starting six months after the commencement date. The capital amount is repayable in one instalment on 15 November 2019. The full facility had been drawn down. The facility is unsecured.

In November 2017 the Company entered into a loan agreement with Oxfam Novib represented by Triple Jump for R 9 837 000. The loan carries interest at a fixed rate of 13.50%. Interest is payable semi-annually starting six months after the commencement date. The capital amount is repayable in one instalment on 15 November 2019. The full facility had been drawn down. The facility is unsecured.

	2018 R	2017 R
Balance	24 406 793	14 402 427
Short term portion transferred to current liabilities	-	(14 402 427)
Long term portion	**24 406 793**	**-**

	2018 R	2017 R

10 Long term loans (continued)

Prowess Investment

In October 2014 the Company entered into a loan agreement with Prowess Investment. This loan carries interest at prime plus 1%. Interest is paid monthly. The agreement was amended in October 2017 whereby the facility was rolled over for a further one year. The capital of R 15 million is repayable in one instalment on 17 October 2018. As at 30 June 2018 the full facility had been drawn down. The facility is unsecured.

	2018 R	2017 R
Balance	15 061 232	15 061 438
Short term portion transferred to current liabilities	(15 061 232)	(15 061 438)
Long term portion	-	-

KfW

In June 2015 the Company entered into a loan agreement with KfW for an amount of R 69 600 000. This loan carries interest at the 3-months Jibar rate plus a 5.0% margin and is payable quarterly commencing on 15 September 2015. From 15 December 2016 interest is payable on the maturity dates of the repayments. The capital amount is repayable in 11 equal semi-annual instalments from 15 December 2016. As at June 2017 the full facility had been drawn down. The facility is unsecured.

	2018 R	2017 R
Balance	44 507 819	57 156 835
Short term portion transferred to current liabilities	(12 654 545)	(12 654 545)
Long term portion	**31 853 274**	**44 502 290**

	2018	2017
	R	R

10 Long term loans (continued)

Investing for Development SICAV

In October 2017 the Company entered into a loan agreement with Investing for Development SICAV. This loan carries interest at a fixed rate of 13.5%. Interest is paid semi-annually. The capital amount of R 22 million is repayable in one instalment on 10 October 2019. As at 30 June 2018 the full facility had been drawn down. The facility is unsecured.

	2018 R	2017 R
Balance	22 668 250	-
Short term portion transferred to current liabilities	-	-
Long term portion	**22 668 250**	**-**

Symbiotics

In November 2017 the Company entered into a loan agreement with Regmifa for R 6 800 000. This loan carries interest at a fixed rate of 12.5% and is payable bi-annualy commencing on 28 May 2018. Capital is repayable in 3 equal annual instalments from 28 November 2018. As at June 2018 the full facility had been drawn down. The facility is unsecured.

In November 2017 the Company entered into a loan agreement with Regmifa for R 27 500 000. This loan carries interest at a fixed rate of 12.5% and is payable bi-annualy commencing on 28 May 2018. Capital is repayable in 3 equal annual instalments from 28 November 2018. As at June 2018 the full facility had been drawn down. The facility is unsecured.

In November 2017 the Company entered into a loan agreement with Netri for R 6 850 000. This loan carries interest at a fixed rate of 11.9% and is payable bi-annualy commencing on 28 May 2018. Capital is repayable in 3 equal annual instalments from 28 November 2018. As at June 2018 the full facility had been drawn down. The facility is unsecured.

	2018 R	2017 R
Balance	41 617 427	-
Short term portion transferred to current liabilities	(13 705 907)	-
Long term portion	**27 911 520**	**-**

	2018	2017
	R	R

10 Long term loans (continued)

BNP Paribas

In August 2017 the Company entered into a loan agreement with BNP Paribas for R 16 000 000. This loan carries interest at the 3-months Jibar rate plus a 4.5% margin and is payable quarterly in arrears commencing on 30 November 2017. The capital amount is repayable in one instalment on 30 August 2018. As at 30 June 2018 the full facility had been drawn down. The facility is unsecured.

	2018 R	2017 R
Balance	16 154 916	-
Short term portion transferred to current liabilities	(16 154 916)	-
Long term portion	-	-
Total long term loans	**181 697 392**	**195 722 383**

The Company is up to date with all scheduled repayments on loans.

	2018	2017
	R	R
11 Short term loans		
Other short term loans		
Current portion Hivos Triodos Bank loan	65 464 775	-
Current portion Fefisol / Sidi loan	5 760 000	2 880 000
Current portion Oikocredit loan	10 196 575	50 235 890
Current portion Swedfund loan	-	4 994 002
Current portion of FMO loan	7 500 000	7 500 000
Current portion of Cadiz loan	20 000 000	7 131 790
Current portion of Whole Planet Foundation loan	-	285 000
Current portion of Freddie Marincowitz Welfare Trust loan	10 100 569	10 104 833
Current portion of Atlantic Asset Management loan	6 000 000	6 000 000
Current portion of SEFA revolving credit facility	13 171 429	5 265 708
Current portion of Oxfam Novib loan	-	14 402 427
Current portion of Prowess Investment loan	15 061 232	15 061 438
Current portion of KfW loan	12 654 545	12 654 545
Current portion of Symbiotics loan	13 705 907	-
Current portion of BNP Paribas loan	16 154 916	-
	195 769 948	136 515 633
Total short term loans	**195 769 948**	**136 515 633**

	2018	2017
	R	R
13 Provisions		
Provision for accumulated leave	2 867 597	3 275 328
Provision for 13th cheque	3 362 072	2 928 184
Provision for auditor's remuneration	985 000	825 503
	7 214 669	**7 029 015**
Movement in accumulated leave provision:		
Balance at beginning of the year	3 275 328	2 642 188
Current year movement in provision	9 866 381	8 459 521
Amounts used this year	(10 274 112)	(7 826 381)
	2 867 597	**3 275 328**
Movement in 13th cheque provision:		
Balance at beginning of the year	2 928 184	2 634 048
Current year movement in provision	7 139 046	7 119 929
Amounts used this year	(6 705 158)	(6 825 793)
	3 362 072	**2 928 184**
Movement in auditor's remuneration provision:		
Balance at beginning of the year	825 503	735 322
Current year movement in provision	985 000	825 503
Amounts used this year	(825 503)	(735 322)
	985 000	**825 503**

Provision for accumulated leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement. When assessing expected future payments consideration is given to expected future salary levels including non-salary components and periods of service. It is uncertain if all employees at the end of the reporting period will be employed at the expected date of settlement.

Provision for 13th cheque

Employees are entitled to a 13th bonus cheque as per their letter of employment. This bonus is expected to be settled wholly within 6 months after the end of the reporting period. The 13th cheque liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement. When assessing expected future payments consideration is given to expected future basic salary levels and periods of service. It is uncertain if all employees at the reporting date will be employed at the expected date of settlement.

Provision for auditor's remuneration

Auditor's fees are provided for the period under the review. It is expected that this liability will be paid within 6 months after the end of the reporting period.

	2018	2017
	R	R
14 Accruals		
Incentive bonus	9 000 000	5 000 000
Value Added Tax	2 595 276	2 237 245
Workmen's Compensation	157 698	809 954
Expenses paid after year end	2 247 313	2 540 151
	14 000 287	**10 587 350**
15 Revenue		
Interest received on advances	126 345 326	103 571 666
Interest received on cash balances	2 073 200	2 327 683
Initiation fees	136 419 866	122 360 785
Service fees	4 687 173	3 188 920
	269 525 565	**231 449 054**
16 Finance costs		
Finance costs in respect of loans	40 544 010	34 572 344
Administration cost on borrowings	1 104 608	1 513 018
Witholding tax on interest	666 252	569 746
	42 314 870	**36 655 108**
17 Impairment of advances		
Bad debts written off	4 078 201	3 802 675
Bad debts recovered	(817 469)	(2 820 596)
Death write-offs	2 917 045	2 262 475
	6 177 777	**3 244 554**
18 Surplus before grants		
The surplus before grants is arrived taking the following into account:	15 036 374	19 274 067
Staff costs	133 327 861	116 533 750
Auditor's remuneration		
- Statutory audit : current year	952 374	780 504
: prior year under provision	98 720	21 232
- Disbursements	32 626	30 000
	1 083 720	831 736
Amortisation of intangible assets	598 321	771 207
Amortisation of property and equipment	2 764 337	2 536 099
Operating Leases		
- Buildings	3 748 298	2 877 221
	3 748 298	2 877 221
Legal fees	95 363	128 682
Profit on disposal of property, plant and equipment	136 310	178 181

19 Grants received

	2018 R	2017 R
Capital grants received – gross amount*		
- DM Edwards	6 000	4 800
- Bright Funds Foundation	-	48 503
- Pembroke Dynamics	2 588	-
- Bruce Chelius	-	20 000
- Jadayarbrough	-	500
- SA Hall	-	250
- C Batzofin	-	250
- Fefisol, Fund for Africa	-	227 596
- Other	29 688	-
Total capital grants received	38 276	301 899
Grants utilised	38 276	301 899
Total grants utilised	38 276	301 899

All capital grants were received with the express condition that the funds be used for lending to customers and are therefore considered being capital in nature.

*Gross amount received represent grants available for use during the year, therefore it includes opening unutilised grants.

20 Operating leases

The company has various operating leases entered with landlords for the rental of buildings. The minimum lease payments are detailed below:

	2018 R	2017 R
Amounts payable within 1 year	145 620	176 325
Amounts payable within 2 – 5 year	-	-
	145 620	**176 325**

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

The company leases premises for it branches and offices in four provinces on a monthly, quarterly, bi-annual or annual basis; rent is payable in advance.

The most significant lease is for the office located at 14 Pertunia street, Corner Main road, Bryanston. The lease commenced on 1 August 2017 and expires on 31 March 2019. A rental amount of R38 852 is payable on a monthly basis in advance.

21 Taxation

No provision has been made for taxation as the organisation was approved as a Public Benefit Organisation in terms of section 30 of the Income Tax Act and is therefore exempt from taxes.

22 Retirement benefits

All permanent employees of the company are members of the Old Mutual Orion Provident Fund. The Provident Fund is defined as a defined contribution plan, where the retirement benefits are determined with reference to the employer and employees' contributions to the Provident Fund. In 2018 the company contributed R17 604 893 (2017: R 15 226 548) towards the Provident Fund and group life premiums. Current contributions to the Provident Fund are charged against income as incurred.

23 Operating expenses

	2018 R	2017 R
Operations	7 090 398	5 277 179
Central Zone	10 813 302	10 381 729
North Zone	10 556 515	10 088 554
South Zone	11 407 281	10 310 763
West Zone	11 296 739	10 334 103
Butterworth Zone	9 202 277	9 648 784
Hammanskraal Zone	11 282 849	10 020 122
Mpumalanga Zone	7 058 201	6 502 715
KWT Zone	8 599 579	9 741 097
Mafekeng Zone	10 625 633	8 062 079
Umtata Zone	9 031 547	9 071 826
Mount Frere Zone	10 257 238	8 433 917
MP South Zone	6 300 457	5 706 479
Chris Hani Zone	8 380 909	-
Less: Impairment of advances disclosed per note 17		
Bad debts written off	(4 078 201)	(3 802 675)
Death write-offs	(2 917 045)	(2 262 475)
Less: Provision for loans and advances per note 4	(702 499)	1 126 779
Other	(25 636)	-
	124 179 544	**108 640 976**

24 Total head office cost

	2018 R	2017 R
Training department	9 312 091	7 563 727
Human Resources department	6 777 526	5 512 680
Quality Assurance department	4 179 352	4 358 971
Loan administration	6 513 895	4 626 889
Research and development	6 813 674	4 301 331
Senior Management Finance and secretarial	42 921 659	36 615 658
Information Technology Department	5 680 456	4 061 294
U.S. Office	327 864	310 133
JhB Office	721 122	-
	83 247 639	**67 350 683**

25 Encumbered assets and contingent liabilities

The following securities have been ceded by the company:

Four Standard Bank facilities (overdraft, credit card, a term loan, fleet management services and vehicle asset finance) are secured through:
- A first and second covering continuing mortgage bond over the property on 42 Boundary Road
  Tzaneen of R 3.3 million; and
- A cession over a portion of the loan book.
- A cession of material damage insurance policy and Sasria cover over erf 199, Tzaneen.

Certain assets were ceded as security for long term debt obligations as per note 10 of the annual financial statements.

26 Related party balances and transactions

The Small Enterprise Foundation entered into a related party transaction with a close family member of the Managing Director (Mr JR de Wit). The transaction involved renting of office space and use of telephone, water and electricity and amounted to R 84 145 (2017: R 76 933).

27 Risk management

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation, and cause the other party to incur a financial loss. The Company mitigates this risk by employing a comprehensive framework of policies, procedures and limits to ensure a process of risk assessment, quantification and monitoring.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. Management, through regular review of the company's position, ensures that the Company's operations can meet the minimum levels of funds required.

The table in 27.3 analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the discounted cash flows except if stated otherwise. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The Company mitigates this risk by setting fixed repayment terms for all loans and advances.

Interest rate risk

Interest rate risk is the risk that interest rates will fluctuate in future. The Company adopts a policy of ensuring that its borrowings are at market related rates to address its interest rate risk.

Capital risk

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising its social returns through the optimisation of the debt and equity.

The capital structure of the company consists of debt, which includes borrowings, cash and cash equivalents, reserves and retained earnings respectively.

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks. The interest rate risk has been addressed above and there are no significant exposures to currency risk.

27.1 Statement of financial position - categories of financial instruments - 2018

	Total	Loans and receivables	Financial liabilities at amortised cost	Other and Non-financial assets and liabilities
Assets	**R**	**R**	**R**	**R**
Property and equipment	15 136 179	-	-	15 136 179
Intangible assets	1 701 871	-	-	1 701 871
Loans and advances	485 028 422	485 028 422	-	-
Other receivables	5 568 764	5 568 764	-	-
Cash and short term funds	4 339 033	4 339 033	-	-
Total assets	**511 774 269**	**494 936 219**	**-**	**16 838 050**
Funds and liabilities				
General capital reserve	40 158 370	-	-	40 158 370
Developmental reserve	6 654 459	-	-	6 654 459
Educational reserve	20 188	-	-	20 188
Retained earnings	59 318 534	-	-	59 318 534
Non – distributable reserve	1 049 389	-	-	1 049 389
Long term loans	181 697 392	-	181 697 392	-
Short term loans	195 769 948	-	195 769 948	-
Trade and other payables	5 891 033	-	5 891 033	-
Accruals and Provisions	21 214 956	-	21 214 956	-
Total funds and liabilities	**511 774 269**	**-**	**404 573 329**	**107 200 940**

27.1 Statement of financial position - categories of financial instruments - 2017

	Total	Loans and receivables	Financial liabilities at amortised cost	Other and Non-financial assets and liabilities
Assets	**R**	**R**	**R**	**R**
Property and equipment	14 882 881	-	-	14 882 881
Intangible assets	821 556	-	-	821 556
Loans and advances	413 204 386	413 204 386	-	-
Other receivables	2 915 384	2 915 384	-	-
Cash and short term funds	15 186 241	15 186 241	-	-
Total assets	**447 010 448**	**431 306 011**	**-**	**15 704 437**
Funds and liabilities				
General capital reserve	40 120 094	-	-	40 120 094
Developmental reserve	6 654 459	-	-	6 654 459
Educational reserve	20 188	-	-	20 188
Retained earnings	44 282 160	-	-	44 282 160
Non – distributable reserve	1 049 389	-	-	1 049 389
Long term loans	195 722 383	-	195 722 383	-
Short term loans	136 515 633	-	136 515 633	-
Trade and other payables	5 029 777	-	5 029 777	-
Accruals and Provisions	17 616 365	-	17 616 365	-
Total funds and liabilities	**447 010 448**	**-**	**354 884 158**	**92 126 290**

27.2 Income and expenses per category of financial assets and financial liabilities – 2018

	Total	Loans and receivables	Financial liabilities at amortised cost	Non-financial assets and liabilities
	R	R	R	R
Interest income	128 418 526	128 418 526	-	-
Finance cost	(42 314 870)	-	(42 314 870)	-
Initiation and service fees	141 107 039	141 107 039	-	-
Other income	2 133 138	-	-	2 133 138
Impairment and provision for impairment on loans and advances	(6 880 276)	(6 880 276)	-	-
Other operating expenses	(207 427 183)	-	-	(207 427 183)
Surplus for the year	**15 036 374**	**262 645 289**	**(42 314 870)**	**(205 294 045)**

27.2 Income and expenses per category of financial assets and financial liabilities – 2017

	Total	Loans and receivables	Financial liabilities at amortised cost	Non-financial assets and liabilities
	R	R	R	R
Interest income	105 899 349	105 899 349	-	-
Finance cost	(36 655 108)	-	(36 655 108)	-
Initiation and service fees	125 549 705	125 549 705	-	-
Other income	2 589 555	-	-	2 589 555
Impairment and provision for impairment on loans and advances	(2 117 775)	(2 117 775)	-	-
Other operating expenses	(175 991 659)	-	-	(175 991 659)
Surplus for the year	**19 274 067**	**229 331 279**	**(36 655 108)**	**(173 402 104)**

27.3 Liquidity risk management - 2017

	Total	<1 year	>1 year <5 year	> 5 year	Non - determined
	R	R	R	R	R
Funds					
Total funds	107 200 940	-	-	-	107 200 940
Discounted liabilities					
Long term loans	181 697 392	-	181 697 392	-	-
Short term loans	195 769 948	195 769 948	-	-	-
Undiscounted liabilities					
Trade and other payables	5 891 033	5 891 033	-	-	-
Accruals and Provisions	21 214 956	21 214 956	-	-	-
Total funds and liabilities	**511 774 269**	**222 875 937**	**181 697 392**	**-**	**107 200 940**

27.3 Liquidity risk management - 2017

	Total	<1 year	>1 year <5 year	> 5 year	Non - determined
	R	R	R	R	R
Funds					
Total funds	92 126 290	-	-	-	92 126 290
Discounted liabilities					
Long term loans	195 722 383	-	195 722 383	-	-
Short term loans	136 515 633	136 515 633	-	-	-
Undiscounted liabilities					
Trade and other payables	5 029 777	5 029 777	-	-	-
Accruals and Provisions	17 616 365	17 616 365	-	-	-
Total funds and liabilities	**447 010 448**	**159 161 775**	**195 722 383**	**-**	**92 126 290**

27.4 Credit risk management

Financial assets whose terms have been renegotiated

These loans are termed rescheduled loans, as the terms have been renegotiated, due to the client's inability to pay. These loans are fully impaired.

	2018 R	2017 R
Rescheduled loans - carrying amount	817 081	864 274
Loans and advances past due and impaired	4 319 017	3 456 857
Past due up to 30 days	3 109 903	2 424 888
Past due up to 31-60 days	683 599	584 538
Past due up to 61-90 days	498 971	447 431
Past due > 90 days	26 544	-
Loan advances neither past due and nor impaired	485 406 687	413 695 120
Gross loans and advances	490 542 785	418 016 250
Provision for impairments	(5 514 363)	(4 811 864)
Net loans and advances	485 028 422	413 204 386

27.5 Interest rate risk – 2018

	Repricing period				
	Total	**<1 year**	**>1 year <5 year**	**>5 year**	**Non-interest bearing / Fixed rate**
Assets	**R**	**R**	**R**	**R**	**R**
Property and equipment	15 136 179	-	-	-	15 136 179
Intangible Assets	1 701 871	-	-	-	1 701 871
Loans and advances (fixed rate)	485 028 422	-	-	-	485 028 422
Other receivables	5 568 764	-	-	-	5 568 764
Cash and short term funds	4 339 033	-	-	-	4 339 033
Total assets	**511 774 269**	**-**	**-**	**-**	**511 774 269**
Funds					
Total funds	107 200 940	-	-	-	107 200 940
Discounted liabilities					
Long term loans	181 697 392	-	79 379 629	-	102 317 763
Short term loans	195 769 948	174 584 041	-	-	21 185 907
Undiscounted liabilities					
Trade and other payables	5 891 033	-	-	-	5 891 033
Accruals and Provisions	21 214 956	-	-	-	21 214 956
Total funds and liabilities	**511 774 269**	**174 584 041**	**79 379 629**	**-**	**257 810 599**
Interest rate gap		**(174 584 041)**	**(79 379 629)**		**253 963 670**

27.5 Interest rate risk – 2017

	Repricing period				
	Total	**<1 year**	**>1 year <5 year**	**>5 year**	**Non-interest bearing / Fixed rate**
Assets	**R**	**R**	**R**	**R**	**R**
Property and equipment	14 882 881	-	-	-	14 882 881
Intangible Assets	821 556	-	-	-	821 556
Loans and advances (fixed rate)	413 204 386	-	-	-	413 204 386
Other receivables	2 915 384	-	-	-	2 915 384
Cash and short term funds	15 186 241	-	-	-	15 186 241
Total assets	**447 010 448**	**-**	**-**	**-**	**447 010 448**
Funds					
Total funds	92 126 290	-	-	-	92 126 290
Discounted liabilities					
Long term loans	195 722 383	-	42 720 179	-	153 002 204
Short term loans	136 515 633	118 948 206	-	-	17 567 427
Undiscounted liabilities					
Trade and other payables	5 029 777	-	-	-	5 029 777
Accruals and Provisions	17 616 365	-	-	-	17 616 365
Total funds and liabilities	**447 010 448**	**118 948 206**	**42 720 179**	**-**	**285 342 063**
Interest rate gap		**(118 948 206)**	**(42 720 179)**		**161 668 385**

	2018	2017
	R	R

27.6 Interest rate sensitivity analysis

As at 30 June 2018, if interest rates on floating rate assets and liabilities held at amortised cost have decreased/increased by 100 basis points with all other variables held constant, the impact on profit and loss would have been as set out below:

	2018 R	2017 R
Decrease	3 774 673	3 322 380
Increase	(3 774 673)	(3 322 380)

28 Directors' and prescribed officer's emoluments

Included in staff expenditure and other operating expenditure are the following payments made to directors and prescribed officers for service rendered during the year:

	2018 R	2017 R
Director's emoluments		
JR de Wit		
Services to the company	3 257 757	2 617 335
Retirement and Medical Aid contributions	-	-
Expenses related to managerial duties	48 101	47 101
	3 305 858	**2 664 436**

No emoluments were paid to the following directors during the year:
MP Malatji
MA Kirsten
MC Mogase
SH Somdyala
RN Mokoena

	2018 R	2017 R
Prescribed officer's emoluments		
T Schwartz		
Services to the company	-	342 077
Retirement and Medical Aid contributions	-	74 930
	-	**417 007**
C van Vuuren		
Services to the company	1 266 930	1 003 594
Retirement and Medical Aid contributions	247 120	228 778
	1 514 050	**1 232 372**
Z Raymond		
Services to the company	1 425 578	756 063
Retirement and Medical Aid contributions	221 711	156 443
	1 647 289	**912 506**

29 Standards

Standards adopted with no effect on financial statements

The company has chosen not to early adopt any of the following new and revised Standards, amendments thereto and interpretations thereof in these financial statements.

Standard	Effective for year ends on or after
IFRS 3 Business Combinations	31 December 2019
IFRS 9 Financial Instruments	31 December 2018
IFRS 11 Joint Arrangements	31 December 2019
IFRS 15 Revenue from Contracts with Customers	31 December 2018
IFRS 16 Leases	31 December 2019
IFRS 17 Insurance Contracts	31 December 2021
IAS 19 Employee Benefits	31 December 2019
IAS 23 Borrowing Costs	31 December 2019
IAS 40 Investment Property	31 December 2018
IFRIC 22 Foreign Currency Ttansactions and Advance Considerations	31 December 2018
IFRIC 23 Uncertainty over Income Tax Treatments	31 December 2019

29 Standards (continued)

IFRS 9 Financial Instruments

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

This standard is effective for annual periods on or after 1 January 2018 with retrospective application, with early adoption permitted. The company intends adopting IFRS 9 with effect 1 July 2018. As permitted by the transitional provisions of IFRS 9, the company has elected not to restate comparative figures. Any adjustments to the carrying amount of Financial Assets and Financial Liabilities will be recognised in equity (opening retained earnings and other reserves) at 1 July 2018.

Classification and Measurement

This standard includes changes in the classification and measurement bases of the company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these categories are similar to IAS 39, the criteria for classification into these categories are significantly different.

IFRS 9 requires financial assets to be classified on the basis of two criteria:
• The business model within which financial assets are managed; and

• Their contractual cash flow characteristics (whether the cash flows represent solely payments of principal and interest).

Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent solely payments of principal and interest.

Other financial assets are required to be measured at fair value through profit or loss if they are held for the purposes of trading, if their contractual cash flows do not meet the 'solely payments of principal and interest' criterion, or if they are managed on a fair value basis and the company maximises cash flows through sale. IFRS 9 allows an entity to irrevocably designate a financial asset as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (that is, an accounting mismatch).

Based on its preliminary assessment, the effects of the new classification and measurement requirements under IFRS 9, with the exception of the classification of the written-off portfolio, are expected not to have a significant impact on how the company accounts for its Financial Assets. The written-off portfolio currently classified at fair value through profit or loss will be reclassified to Amortised cost under IFRS 9, based on the business model of

The IFRS 9 impairment model has been changed from an "incurred loss" model under IAS 39 to a forward-looking "expected credit loss" (ECL) model. This requires considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability weighted basis. The new impairment model applies to financial assets that are debt instruments measured either at amortised cost and fair value through other comprehensive income (FVOCI). Under IFRS 9, no impairment loss is recognised on equity investments.

Under IFRS 9, loss allowances will be measured on either of the following bases:

• 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
• Lifetime ECLs. These are ECLs that result from all possible default events over the expected lifetime of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and the 12-month ECL measurement applies if it has not.

The company is currently assessing the estimated impact that the initial application of IFRS 9 will have on its financial statements. The provisioning approach currently in use is based on an "incurred loss" methodology where the various portfolios' outstanding exposures are collectively grouped per delinquency status. Following such, provisions are raised against these respective outstanding exposures by applying a delinquency specific coverage ratio determined from historical information.

The estimated impact of the change is expected not to significantly increase the provision due to the inclusion of forward looking information and the introduction of lifetime expected losses.

Exposures would be divided into 3 stages as follows:
Stage 1: Exposures for which a significant increase in credit risk has not occurred since origination. For these exposures a 12 month expected credit loss will be recognised.

Stage 2: Exposures for which a significant increase in credit risk has occurred since origination. The company will assess whether a significant increase in credit risk has occurred based on qualitative and quantitative drivers. The risk of a significant increase in credit risk will be tracked by means of past-due statuses as well as forward-looking information. As a backstop a significant increase in credit risk occurs when an exposure is 30 days or more past due. For exposures that are not more than 30 days past due, changes in macro- economic variables are utilised to determine whether a significant increase in credit risk has occurred on a portion of the portfolio. Lifetime expected credit losses will be recognised for these assets.

Stage 3: Exposures which meet the definition of default. The company considers exposures that are 90 days or more past due as well as indicators that an exposure is unlikely to pay in determining the definition of default. Lifetime expected credit losses will be recognised for these assets.

The preparation for IFRS 9 readiness progressed well during the 2018 financial year with the main achievements being on the finalisation of the impact of IFRS 9 in terms of classification, including the determination of the business model within which a financial asset is held, and the development, building and testing of the relevant models with respect to a substantial portion of the company's portfolios.

29 Standards (continued)

IFRS 9 Financial Instruments (continued)

Based on the preliminary assessment, the effects of the new impairment model requirements under IFRS 9 are expected not to have a significant impact
- although parallel runs were carried out, the new models and associated controls in place have not been operational for an extended period;
- the company is refining and finalising certain models;
- observing local and international industry trends with respect to IFRS 9 adoption;
- finalisation of the reporting and disclosure framework, and completion of the supporting business rules; and
- assumptions, judgements and estimation techniques employed are subject to change until the company finalises its first financial statements that

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The five steps in the model are as follows:
- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

This new standard may have an impact on the company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The company is currently in the process of performing a more detailed assessment of the impact of this standard and will provide more information in the Financial Statements for the year ending 30 June 2019.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS.

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, namely the contract customer (“lessee”) and the supplier (“lessor”). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related interpretations. IFRS 16 has one model for lessees, which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The company is assessing the potential impact on the Financial Statements resulting from the application of IFRS 16.

IAS 19 Amendments

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the

IAS 23 Borrowing Costs amendment

Under the improvements to IAS 23 Borrowing Costs, companies are required to include specific borrowings relating to qualifying assets that are now ready for their intended use or sale within the amount of general borrowings eligible for capitalisation.

IAS 40 Investpemnt Property amendment

The amendments in Transfers of Investment Property (Amendments to IAS 40) are:

Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use.

IFRIC 22 Interpretation

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value ot at the fair value of the consideration received ot payed at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income

IFRIC 23 Uncertainty over Income Tax Treatments interpretation

IFRIC 23 clarifies the accounting for uncertainties in income taxes.

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.