Anchor Group Limited

(Registration number 2009/005413/06)

Consolidated annual financial statements
for the year ended 31 December, 2017

These consolidated annual financial statements have been audited by Grant Thornton Johannesburg Partnership in compliance with the applicable requirements of the Companies Act 71 of 2008.

Issued 26 March, 2018

Prepared and reviewed by:

OZ Khan CA (SA)

PG Armitage CA (SA)

General Information

Country of incorporation and domicile	South Africa	
Nature of business and principal activities	Asset and wealth management	
Directors		
	MS Teke	Non-Executive Director (Chairman)
	PG Armitage	Executive Director (Chief Executive Officer)
	TE Kaplan	Executive Director (Chief Operations Officer)
	OZ Khan	Executive Director (Chief Financial Officer)
	AJ Adams	Independent Non-Executive Director
	AP Nkuna	Lead Independent Non-Executive Director
	N Dennis	Independent Non-Executive Director
	K Bissessor	Independent Non-Executive Director
Registered office	25 Culross Road Bryanston Sandton 2191	
Business address	25 Culross Road Bryanston Sandton 2191	
Postal address	PO Box 1337 Gallo Manor 2191	
Bankers	Rand Merchant Bank, a division of FirstRand Bank Limited	
Auditors	Grant Thornton Johannesburg Partnership Corlett Drive Illovo 2196 Private Bag X28 Benmore 2010	
Secretary	CIS Company Secretaries (Pty) Ltd	
Company registration number	2009/005413/06	

Contents

Audit and Risk Committee Report

The group audit and risk committee of Anchor Group Limited, which acts as the audit and risk committee for all its subsidiaries, is a committee of the board of directors that serves in an advisory capacity to the board and assists the directors to discharge their duties relating to the safeguarding of assets, the operation of adequate systems, risk management and internal controls, the review of financial information and the preparation of the annual financial statements. This includes satisfying the board that adequate financial controls are in place and that material risks have been identified and are being effectively managed and monitored. In addition to the above, the audit and risk committee also has its own statutory responsibilities.

1. Members of the Audit and Risk Committee

Name	Qualification
K Bissessor (Chairperson)	CA (SA)
AJ Adams	B Comm (Law) LLB
AP Nkuna	Management Advanced Programme
N Dennis	B Comm (Hons)

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 2008 and Regulation 42 of the Companies Regulation, 2011.

2. Meetings held by the Audit and Risk Committee

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The Committee met four times this year, and the Chief Financial Officer, Chief Executive Officer, Chief Operations Officer, External Auditor and Sponsor attended by invitation only.

X - Attended.

Name	Q1 15 March 2017	Q2 12 June 2017	Q3 11 August 2017	Q4 30 November 2017
K Bissessor	x	x	x	x
AJ Adams	x	x	x	x
AP Nkuna	x	x	x	x
N Dennis	x	x	x	x
Quorum	**x**	**x**	**x**	**x**

3. External auditor

The designated auditor is Grant Thornton Johannesburg Partnership.

The committee satisfied itself through enquiry that the external auditor Grant Thornton and Ms S Kock are independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided that internal governance processes within the firm support and demonstrate the claim to independence.

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

The committee, having considered all relevant matters, satisfied itself through enquiry that auditor independence, objectivity and effectiveness were maintained in 2017. The Audit committee has reviewed sections 2, 8, 13 and 22 and Schedule 8 of the JSE Listing requirements on the accreditation of Auditors, effective 15 October 2017, we are satisfied that provisions of the Companies Act and the JSE Listings Requirements are complied with:

(i) the audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle.

(ii) the auditors have provided to the audit committee, the required IRBA inspection letters, findings report and the proposed remedial actions to address the findings, both at the audit firm and the individual auditor's levels; and

Audit and Risk Committee Report

(iii) both the audit firm and the individual auditor understood their roles and have all the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities.

4. Consolidated annual financial statements

The committee has reviewed the accounting policies and the consolidated financial statements. The committee is satisfied that they are appropriate and comply with the International Financial Reporting Standards, Financial Reporting Pronouncements, JSE Listing requirements, and the Companies Act 71 of 2008. In compliance with requirements the King IV Report on Governance for South Africa 2009, an integrated annual report will be compiled for 2017 financial year in addition to these annual financial statements.

5. Accounting practices and internal control

The Board has ultimate responsibility for the internal, financial and operating systems of the company and for monitoring of their effectiveness.

These systems are designed to provide reasonable assurance against material misstatement and loss.

The systems, which are monitored by the audit and risk committee on an ongoing basis in order to adopt to changing business circumstances, are designed to provide reasonable safeguards regarding:

- Unauthorised disposal or use of company's assets
- Compliance with the relevant legislation and regulations
- The maintenance of proper accounting records.

6. Legal requirements

The audit and risk committee has complied with all applicable legal, regulatory and other responsibilities for the financial year.

7. Chief Financial Officer

As required by the Companies Act, the committee confirms that the company's Chief Financial Officer Mr OZ Khan, has the necessary expertise and experience to carry out his duties.

8. Going concern

The committee has reviewed a documented assessment including key assumptions prepared by management of the going concern status of the group and has accordingly made recommendation to the board that the group is a going concern.

9. Internal audit

The company operates in the regulated Financial Service industry. The Financial Services Board (FSB) has strict requirements with regards to the operating environment within the company. The committee believe that due to stringent FSB requirements coupled with the effective oversight provided by management on the various operating entities, the need for a dedicated internal audit function is not deemed necessary. This decision is evaluated and reviewed annually.

The committee considers a report on a quarterly basis prepared by the internal compliance officer. No material issues of non compliance were noted.

Audit and Risk Committee Report

10. Purpose

From an oversight perspective, the committee is primarily responsible for:
- assessing the independence of and recommending the appointment of the external auditors;
- evaluating the performance of the external auditors;
- reviewing the scope and effectiveness of the external audit functions;
- determining the fees paid to the auditors and the auditors terms of reference;
- agreeing to the timing and nature of reports from the external auditors;
- considering any problems identified in the going concern or internal control statements;
- ensuring that adequate books and records have been maintained;
- ensuring the integrity, reliability and efficiency of the group's risk management strategy/ policy and portfolios;
- ensuring that the company adheres to the requirements of the relevant regulatory bodies including the Financial Services Board (FSB), JSE and others;
- resolving and dealing with any complaints concerning the accounting policies, the content and audit of financial statements of related matters;
- ensuring the expertise and experience of the financial director are appropriate.

11. Annual financial statements

Following our review of the consolidated financial statements for the year ended 31 December 2017, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act of South Africa and International Financial Reporting Standards, Financial Reporting Pronouncements and JSE Listing requirements and that they fairly present the financial position at 31 December 2017 of Anchor Group Limited and the results of operations and cash flows for the year then ended. They were recommended to the board of directors for approval.

12. Comments on key audit matters, addressed by Grant Thornton in its external auditors report

In order to provide stakeholders with further insights into its activities and considerations around the Key Audit Matters as reported by the external auditors, the Committee wishes to elaborate on these important aspects as follows:

Assessment of Goodwill for impairment

The Committee reviewed the management assessment of the recoverability of the carrying value of goodwill. They assessed the assumptions and judgements applied by management. Furthermore the committee discussed the matter with the external auditors to understand their related audit process and views. No impairment was deemed necessary.

Assessment of customer lists for impairment

The audit committee reviewed management's assessment of the customer lists for indicators of impairment, through confirmation that actual cashflows achieved since initial acquisition is in excess of the forecasted cashflows to determine the initial purchase consideration. The committee is satisfied that no impairment indicators exist.

Finalisation of provisional accounting

The group finalised its provisional accounting with respect to the business combination of AG Capital Proprietary Limited. The committee reviewed the calculations with respect to the purchase price finalisation.

Audit and Risk Committee Report

Assessment of recoverable amount of the carrying value of associate of Capricon Fund Managers Malta Limited

Due to the fact that the performance deteriorated of CFM Malta, impairment indicators were identified. Management reviewed the recoverable amount of the Associate and the committee satisfied itself through the review of the assumptions and judgements applied by management that no impairment was required.

Classification of investments as subsidiaries or associates where 50% or less of the equity is held.

The company holds shares in a number of investments which are below 50% or 50% of the issued share capital and the company controls these entities and consolidates the financial results. The audit committee in consultation with management evaluated and confirmed the basis for control.

K Bissessor
Chairperson Audit and Risk Committee

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the 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. The external auditors are engaged to express an independent opinion on the consolidated financial statements.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting 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 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 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 group’s cash flow forecast for the year to 31 December, 2018 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated financial statements. The consolidated financial statements have been examined by the group's external auditors and their report is presented on pages 7 to 9 .

The consolidated annual financial statements set out on pages 18 to 54, which have been prepared on the going concern basis, were approved by the board on 26 March, 2018 and were signed on their behalf by:

Approval of financial statements

PG Armitage

26 March, 2018

Company Secretary's Certification

Declaration by the Group secretary in respect of Section 88(2)(e) of the Companies Act 71 of 2008

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the group has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date in respect of the financial year reported on.

The board selects and appoints the company secretary and recognises the importance of this role in entrenching good corporate governance. All directors have unlimited access to the services of the company secretary, who in turn has access to appropriate resources in the provision of this support.

CIS Company Secretaries Proprietary Limited was appointed as company secretary by the board in accordance with the Companies Act, No. 71 of 2008, as amended, with effect 01 August 2016. In accordance with the JSE Listing Requirements, a detailed assessment was conducted by the board to consider and satisfy itself of the competence, qualifications and experience of the company secretary. The board agreed that all the requirements had been met, was satisfied with their performance and is confident in their ability to meet the responsibilities of the position. CIS Company Secretaries Proprietary Limited does not serve as a director of the board and the assessment confirmed it's arm's-length relationship with the board.

CIS Company Secretaries (Pty) Ltd
Company Secretary

Grant Thornton

Independent Auditor's Report
To the Shareholders of
Anchor Group Limited

Report on the audit of the financial statements

Opinion
We have audited the consolidated financial statements of Anchor Group Limited and its subsidiaries (the group) set out on pages 18 to 54, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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

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

Key Audit Matters (KAM)	**How our audit addressed the key audit matter**
Assessment of Goodwill for impairment In accordance with *IAS 36 – Impairment of assets*, the Group is required to test the goodwill acquired in a business combination for impairment annually. Goodwill is assessed using discounted cash flow models. As disclosed in note 5 to the financial statements, there are a number of key sensitive judgments made in determining the inputs into these models which include growth rates and discount rates. The impairment test is considered a KAM to our audit as the balance as at 31 December 2017 is material to the financial statements as a whole.	Our audit procedures included, among others, the verification of the accuracy and methodology appropriateness of the underlying model calculations. We used our internal valuations specialist to assist us in evaluating the assumptions and methodologies used by the Group to determine the recoverable amount of goodwill. The reasonableness of the forecasts of revenue growth was tested by reference to the actual historical achievement of growth and the assumptions with respect to the discount rates were assessed with reference to the cost of capital of the Group, as well as testing the accuracy of the calculations and performance of sensitivity analyses around the key assumptions used in the models. We also focussed on the adequacy of the Group's disclosures about those assumptions to

Key Audit Matters	How our audit addressed the key audit matter
	which the outcome of the impairment test is most sensitive to the determination of the recoverable amount.
Assessment of Customer Lists for impairment In accordance with, *IAS38 – Intangible assets,* the Group is required to consider whether there are indicators of impairment with respect to other intangible assets, specifically customer lists. The impairment test is considered a KAM to our audit as the balances as at 31 December 2017 are material to the financial statements as a whole.	Our audit procedures included a comparison between the initial cash flows used to determine the purchase consideration and the actual cash flows achieved to confirm that there is no indicator of impairment.
Finalisation of provisional accounting The Group has finalised its accounting with respect to the business combinations of AG Capital Proprietary Limited that was provisional in the financial year ended 31 December 2016. The accounting in relation to business combinations is a complex area in terms of *IFRS3 Business Combinations* and is therefore considered to be a KAM. The acquisitions are significant to our audit due to the complexity and significant judgments and assumptions used by management in determining the consideration payable and the purchase price allocation.	Our audit procedures include the review of the finalisation of the accounting of the acquisition to ensure that the adjustments to the fair value of assets and liabilities and the purchase consideration takes into account information that was available at the effective date of the business combination and that the mathematical calculation of the goodwill or gain on bargain purchase is accurate. We reviewed the contingent consideration and the purchase price allocation for reasonableness. We also focussed on the adequacy of the Group's disclosures that is required in terms of *IFRS3 – Business Combinations,* with respect to the finalisation of the purchase consideration as included to note 26 of the financial statements.
Assessment of the recoverable amount of the carrying value of associate in Capricorn Fund Managers Malta Limited In accordance with *IAS36 – Impairments of assets,* the Group shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indicators exist the entity shall assess the recoverable amount. The impairment test performed on the investment in Capricorn Fund Managers Malta Limited is considered a KAM to our audit as the carrying value as at 31 December 2017 is material to the financial statements as a whole.	Our audit procedures include amongst others considering indicators of impairment to the carrying value of investments in associates. We furthermore used our internal valuations specialist to assist us in evaluating the assumptions and methodologies used by the Group to determine the recoverable amount of the investment in associates. The reasonableness of the forecasts of revenue growth, the assumptions in relation to crystallisation of the performance fees in relation to hurdle rates, the assumptions around inflows of funds and the reasonableness with respect to the discount rates were assessed, as well as testing the accuracy of the calculations and we performed sensitivity analyses around the key assumptions used in the models.

	We also focussed on the adequacy of the Group’s disclosures in note 7 about those assumptions to which the outcome of the impairment test is most sensitive to the determination of the recoverable amount.
Assessment of control in entities where less than 50% of the equity shares are held The Group has a number of subsidiaries where it holds less than 50% of the issued share capital. Management has applied judgment in assessing the various factors as required by *IFRS 10 – Consolidated Financial Statements* to conclude whether effective control exists. This area is considered a KAM as management’s assessment of control is highly judgemental and an annual assessment is required to be performed by management.	Our audit procedures included the review of the acquisition agreements, the Memorandums of Incorporation and Mandates of Investment Committees to determine whether there has been any amendments to these agreements, which would affect the assessment done by management of control in terms of *IFRS10 – Consolidated Financial Statements.* We also focussed on the adequacy of the Group’s disclosures that is required in terms of IFRS in relation to the basis on which they believe that they have control as disclosed in the accounting policies of the financial statements.

Other information
The directors are responsible for the other information. The other information comprises the Directors’ Report, the Audit Committee’s Report and the Company Secretary’s Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 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 Grant Thornton Johannesburg Partnership has been the auditor of Anchor Group Limited for 4 years.

Grant Thornton

GRANT THORNTON
Registered Auditors
Practice Number: 903485E

SJ Kock
Partner
Registered Auditor
Chartered Accountant (SA)

26 March 2018

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Directors' Report

The directors have pleasure in submitting their report on the consolidated annual financial statements of Anchor Group Limited and its associates for the year ended 31 December, 2017.

1. Nature of business

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated annual financial statements.

Anchor began managing assets in 2012 and has grown rapidly to reach group-wide assets under management and advice at 31 December 2017 of R52.3 billion, up by 14% from R45.9 billion on 31 December 2016. Anchor has three primary divisions – Private Clients, Asset Management and Stockbroking. The long term strategy of Anchor is to become a major player in South African asset management, with an increasing focus on offshore investment. This will be achieved by both organic and acquisitive growth.

The group has the following subsidiaries, associates and investments and joint operations:

- Anchor Capital Proprietary Limited – 100% owned, and offers asset management products and services.
- Anchor Capital Cape Town Proprietary Limited – 100% owned, provides asset management service to private clients in Cape Town.
- Anchor Capital (Mauritius) Limited – 100% owned, provides asset management service to offshore clients.
- Ripple Effect 4 Proprietary Limited – 65% owned, and provides financial services education and research, primarily to Anchor Capital.
- Methwold Investments Proprietary Limited – effective 100% owned, primarily Robert Cowen Investments Proprietary Limited, provides asset management products suitable to family needs. Acquired on 01 June 2015.
- Portfolio Bureau Proprietary Limited – 50% owned, provides independent financial advice. Acquired on 01 November 2015.
- Southridge Global Capital Proprietary Limited – 25% owned, offshore asset management company.
- Anchor Private Clients Proprietary Limited – 100% owned, provides trading and portfolio management services to private clients in Johannesburg.
- Anchor Financial Services Proprietary Limited – 20% owned, offer institutional products and distribution of these funds
- Arengo 203 Proprietary Limited – 50% owned, property management company.
- Capricon Fund Managers SA Proprietary Limited (CFM SA) - 48.49% owned, provides Hedge Fund products suitable to private clients and institutional investors. Acquired 29 February 2016.
- Capricon Fund Managers Malta Limited (CFM Malta) - 48.49% owned, provides Hedge Fund products suitable private clients and institutional investors. Acquired 29 February 2016.
- AG Capital Proprietary Limited (AG Capital) - 50% owned provides brokerage solutions suitable for private clients and institutional investors. Acquired on 01 December 2016.
- Anchor Stockbroking Proprietary Limited - 100% owned, JSE member firm, which executes trades predominantly in local markets.
- Anchor Securities Private Clients Proprietary Limited - 14.12% owned, provides asset management services to private clients in Kwa-Zulu Natal.
- Stylo Investments Proprietary Limited - 36.75% owned, provides low-cost asset management products to private clients and institutions.

2. Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

The turnover of the group grew by 14% to R476 million (2016: R419 million). The yield on average assets (R49 billion) for the period was 0.97% (2016: 1.01%).

Costs grew by 39% to R350 million (2016: R252 million). There was a like-for-like cost increase of 6%, with the new stockbroking business and newly consolidated businesses adding the remainder. The margin of certain new businesses is expected to increase going forward. The group also continued to invest in new distribution staff and partnerships throughout the country to accelerate future growth. Additional costs were also incurred in compliance and system enhancements to enrich the client experience.

Costs grew faster than turnover, resulting in an operating margin of 27% (2016: 40%). This resulted in operating profits declining by 24% to R127 million (2016: R167 million).

Profits were negatively impacted by the low return on balance sheet assets, primarily comprising seed investments in Anchor unit trusts and equities. This was largely due to the Rand/US$ exchange rate strengthening by 9.6% for the year (and especially the 10% strengthening of the currency in December 2017).

The share of losses from equity accounted associates was R1.9 million (2016: R7.8 million profit). Our offshore associate had lower earnings in 2017.

Adjusted headline earnings per share declined by 41% to 38 cents (2016: 64.7 cents). Adjusted headline earnings are calculated by the group in order to reflect the sustainable cash-flow earnings of the group. This number is used as the basis to determine the dividend cover of the group.

The business is highly cash generative and 114% of profits were generated in cash.

Shareholders’ equity grew to R1.13 billion (2016: R1.08 billion), as a result of the profit generated and the issue of new shares. The net asset value per share is 574 cents. Cash and other liquid instruments were R206 million at 31 December 2017, which represents 104 cents per share.

3. Share capital

193 million shares were in issue on 01 January 2017. 1.056 million shares were issued to the senior management and previous owners of various acquisitions, which is done to align the interests of parties in growing the group company. 2.7 million shares were issued in terms of the share option scheme.

4. Directors

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

Directors	Office	Designation
MS Teke	Chairman	Non-executive
PG Armitage	Chief Executive Officer	Executive
TE Kaplan	Chief Operating Officer	Executive
OZ Khan	Chief Financial Officer	Executive
AJ Adams		Non-executive Independent
AP Nkuna		Lead Independent Non-executive
N Dennis		Non-executive Independent
K Bissessor		Non-executive Independent

5. Directors interests in shares

As at 31 December, 2017, the directors of the company held direct and indirect beneficial interests of 15.76% (2016: 20.90%) of its issued ordinary shares, as set out below.

Interest in shares

Directors	2017 Direct ('000)	2017 Indirect ('000)	2017 Total ('000)	2016 Direct ('000)	2016 Indirect ('000)	2016 Total ('000)
MS Teke	-	10,846	10,846	-	9,256	9,256
PG Armitage	6,364	9,208	15,572	6,364	9,208	15,572
TE Kaplan	2,767	-	2,767	2,708	-	2,708
OZ Khan	281	-	281	248	-	248
AJ Adams	200	-	200	200	-	200
N Dennis	1,428	-	1,428	1,075	-	1,075
	11,040	**20,054**	**31,094**	**10,595**	**18,464**	**29,059**

Interest in options - note 20

Directors	2017 Direct ('000)	2016 Direct ('000)
PG Armitage	1,556	1,102
TE Kaplan	362	352
OZ Khan	314	199
	2,232	**1,653**

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

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

6. Interests in associates

Details of material interests in associates is presented in the consolidated annual financial statements in note 7.

The interest of the group in the profits and (losses) of its associates for the year ended 31 December, 2017 are as follows:

	2017 R '000	2016 R '000
Associates		
Total share of equity accounted (loss)/profits	(1,895)	7,763

7. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report. Other than the dividend declared on 26 March 2018.

8. Auditors

Grant Thornton Johannesburg Partnership continued in office as auditors for the company for 2017.

At the AGM, the shareholders will be requested to reappoint Grant Thornton Johannesburg Partnership as the independent external auditors of the company. Ms S Kock has been the designated lead partner for Anchor Group Limited since 2013. In accordance with the regulations, Anchor Group Limited has designated Ms V Pretorius as the lead audit partner for the 2018 financial year.

9. Secretary

The company secretary is CIS Company Secretaries Proprietary Limited. The directors are satisfied as to the qualification and expertise of the secretary to fulfill their duties.

CIS Company Secretaries Proprietary Limited was appointed as company secretary by the board in accordance with the Companies Act, No. 71 of 2008, as amended, with effect 01 August 2016. In accordance with the JSE Listing Requirements, a detailed assessment was conducted by the board to consider and satisfy itself of the competence, qualifications and experience of the company secretary. The board agreed that all the requirements had been met, was satisfied with their performance and is confident in their ability to meet the responsibilities of the position. CIS Company Secretaries Proprietary Limited does not serve as a director of the board and the assessment confirmed it's arm's-length relationship with the board.

Postal address

PO Box 61051
Marshalltown
2107

Business address

Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196

10. Borrowing Limitation

In terms of the Memorandum of Incorporation the directors may exercise all the power of the company to borrow money as they consider appropriate. Subject to the solvency and liquidity test, the borrowing powers of the directors are unlimited.

12. Date of authorisation for issue of the financial statements

The consolidated annual financial statements have been authorised for issue by the Directors on 26 March 2018. No authority was given to anyone to amend the annual financial statements after the date of issue.

Director
Executive
26 March, 2018

Director
Executive
26 March, 2018

Statement of Financial Position as at 31 December, 2017

Figures in R'000	Notes	2017	Restated 2016
Assets			
Non-Current Assets			
Equipment	4	7,325	7,806
Goodwill	5	557,287	551,910
Intangible assets	6	87,222	67,677
Investments in associates	7	334,309	341,764
Financial assets	8	14,660	10,744
Deferred tax	9	4,299	2,075
		1,005,102	**981,976**
Current Assets			
Cash and cash equivalents	10	93,672	78,184
Financial assets	8	111,882	139,837
Trade and other receivables	11	69,764	81,602
Current tax receivable		2,288	6,107
Amounts receivable on stockbroking activities	25	251,566	-
		529,172	**305,730**
Total Assets		**1,534,274**	**1,287,706**
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital	12	913,902	904,010
Reserves		6,308	5,590
Retained income		183,845	149,526
Equity Attributable to Equity Holders of Parent		1,104,055	1,059,126
Non-controlling interest		27,492	18,366
		1,131,547	**1,077,492**
Liabilities			
Non-Current Liabilities			
Financial liabilities	13	52,714	106,020
Deferred tax	9	19,308	16,974
		72,022	**122,994**
Current Liabilities			
Financial liabilities	13	37,094	31,305
Trade and other payables	14	26,800	45,038
Current tax payable		14,357	10,877
Amounts payable in respect of stockbroking activities	25	252,454	-
		330,705	**87,220**
Total Liabilities		**402,727**	**210,214**
Total Equity and Liabilities		**1,534,274**	**1,287,706**

Statement of Profit or Loss and Other Comprehensive Income

Figures in R'000	Notes	2017	2016
Revenue	15	476,283	419,331
Operating expenses		(349,520)	(252,096)
Operating profit	16	**126,763**	**167,235**
Other income	17	12,666	8,643
Finance costs	18	(4,413)	(973)
Share of (losses)/profits from associates	7	(1,895)	7,763
Fair value gain on acquisition of former associate		-	30,645
Gain on bargain purchase of subsidiary		-	1,661
Profit before taxation		**133,121**	**214,974**
Taxation	19	(36,384)	(42,994)
Profit for the year		**96,737**	**171,980**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Net foreign currency translation differences for foreign operation		(554)	1,159
Other comprehensive income for the year net of taxation		**(554)**	**1,159**
Total comprehensive income for the year		**96,183**	**173,139**
Profit attributable to:			
Owners of the parent		63,337	138,346
Non-controlling interest		33,400	33,634
		96,737	**171,980**
Total comprehensive income attributable to:			
Owners of the parent		62,783	139,505
Non-controlling interest		33,400	33,634
		96,183	**173,139**
Earnings per share			
Per share information			
Earnings per share (cents)	21	32.60	77.70
Diluted earnings per share (cents)	21	32.60	75.90

Anchor Group Limited

(Registration number 2009/005413/06)
Consolidated Annual Financial Statements for the year ended 31 December, 2017

Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	Equity reserve	Treasury shares	Share based payment reserve	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Balance at 1 January, 2016	**635,946**	**8**	**-**	**-**	**4,580**	**4,588**	**70,673**	**711,207**	**2,423**	**713,630**
Profit for the year	-	-	-	-	-	-	138,346	138,346	33,634	171,980
Other comprehensive income	-	1,151	-	-	-	1,151	-	1,151	-	1,151
Total comprehensive income for the year	**-**	**1,151**	**-**	**-**	**-**	**1,151**	**138,346**	**139,497**	**33,634**	**173,131**
Issue of shares	268,064	-	-	-	-	-	-	268,064	-	268,064
Acquisition of subsidiary AG Capital	-	-	-	-	-	-	-	-	1,816	1,816
Acquisition of subsidiary CFMSA	-	-	-	-	-	-	-	-	32,164	32,164
Share buyback CFM Malta	-	-	(4,800)	-	-	(4,800)	-	(4,800)	-	(4,800)
Share based payments	-	-	-	-	5,656	5,656	-	5,656	-	5,656
Dividends	-	-	-	-	-	-	(59,493)	(59,493)	(51,451)	(110,944)
Changes in ownership interest - control not lost	-	-	(1,005)	-	-	(1,005)	-	(1,005)	(220)	(1,225)
Total contributions by and distributions to owners of company recognised directly in equity	**268,064**	**-**	**(5,805)**	**-**	**5,656**	**(149)**	**(59,493)**	**208,422**	**(17,691)**	**190,731**
Balance at 1 January, 2017	**904,010**	**1,159**	**(5,805)**	**-**	**10,236**	**5,590**	**149,526**	**1,059,126**	**18,366**	**1,077,492**
Profit for the year	-	-	-	-	-	-	63,337	63,337	33,400	96,737
Other comprehensive income	-	(554)	-	-	-	(554)	-	(554)	-	(554)
Total comprehensive income for the year	**-**	**(554)**	**-**	**-**	**-**	**(554)**	**63,337**	**62,783**	**33,400**	**96,183**
Issue of shares	9,892	-	-	-	-	-	-	9,892	-	9,892
Share based payments	-	-	-	-	6,393	6,393	-	6,393	-	6,393
Treasury shares	-	-	-	(5,121)	-	(5,121)	-	(5,121)	-	(5,121)
Dividends	-	-	-	-	-	-	(29,018)	(29,018)	(24,274)	(53,292)
Total contributions by and distributions to owners of company recognised directly in equity	**9,892**	**-**	**-**	**(5,121)**	**6,393**	**1,272**	**(29,018)**	**(17,854)**	**(24,274)**	**(42,128)**
Balance at 31 December, 2017	**913,902**	**605**	**(5,805)**	**(5,121)**	**16,629**	**6,308**	**183,845**	**1,104,055**	**27,492**	**1,131,547**
Note	12									

Statement of Cash Flows

Figures in R'000	Note(s)	2017	2016
Cash flows from operating activities			
Cash generated from operations	22	140,736	157,260
Interest income		6,538	6,748
Finance costs		(4,413)	(973)
Tax paid	23	(29,750)	(85,620)
Net cash from operating activities		**113,111**	**77,415**
Finance activities			
Purchase of equipment and intangible assets	4&6	(9,256)	(4,121)
Cash acquired through business combination	26	4,363	12,254
Proceeds / (Purchase) of financial assets		22,892	(34,444)
Decrease investments in associates		(21,499)	(237,057)
Proceeds on sale of associates		-	5,200
Net cash utilised from investing activities		**(3,500)**	**(258,168)**
Cash flows from financing activities			
Increase in stated capital/share capital	12	4,229	10,829
(Decrease) / Increase of financial liabilities		(39,891)	44,976
Purchase of ACG shares		(5,121)	-
Dividends paid	24	(53,292)	(110,944)
Net cash from financing activities		**(94,075)**	**(55,139)**
Total cash and cash equivalents movement for the year		**15,536**	**(235,892)**
Cash and cash equivalents at the beginning of the year		78,184	314,486
Effect of exchange rate movement on cash balances		(48)	(410)
Total cash and cash equivalents at end of the year	10	**93,672**	**78,184**

Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below.

1.1 Basis of preparation

The group annual financial statements are prepared on the historical cost basis adjusted for certain financial instruments measured at fair value, and incorporate the following principal accounting policies, which conform with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council (FRSC) and the requirements of the South African Companies Act and the JSE Listings Requirements. These policies have been consistently applied except for the adoption of new standards and interpretations which became effective in the current year. Refer to note 3.

1.2 Consolidation

Basis of consolidation

The company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.
Non-controlling interests in the net assets of consolidated entities 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.
Anchor consolidates entities where it has less than 51% of the voting rights. In these instances Anchor has the casting vote on key decisions such as investment committee decisions and decisions to change key contracts.

Business combinations

The annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

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 interests.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the equity.

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 company.

Anticipated acquisition and contingent consideration

Forward contracts are held by non-controlling interests in the Groups that entitle the non-controlling interest to sell its interest in the subsidiary to the Group at predetermined values and on contracted dates.

In such cases the Group consolidates the non-controlling interests' share of the equity in the subsidiary and recognises the fair value of the non-controlling interest's forward, being the fair value of the estimated future purchase price, as a financial liability in the statement of financial position. In raising this liability, the non-controlling interest is derecognised and any excess or shortfall is recognised as the cost of the Investment in Subsidiary.

The contingent financial liability is fair valued at the end of each financial year and any changes in the value of the liability as a result of changes in assumptions used to estimate the future purchase price are recorded directly in the statement of comprehensive income.

Accounting Policies

Goodwill

Goodwill arising on acquisition of a business is carried at cost, as established at the date of the acquisition of the business. less accumulated impairment losses.

For purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units which are the Investments in subsidiaries. Impairment testing is performed at each reporting date.

Investment in associates

The consolidated financial statements include the group's share of the income and expenses and equity movements of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the group's share of losses exceeds its interest in an associate, the group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of an associate.

Investments in associates are initially recognised at cost less impairment.

1.3 Equipment

Equipment is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Equipment is depreciated over its useful life, on the straight line basis to its estimated residual value as follows:

The useful lives of items of equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
IT Equipment	Straight line	3 years
Office Equipment	Straight line	5-25 years

Estimated useful lives and residual values are reassessed annually, any change which is accounted for as a change in estimate in accordance with IAS 8.

1.4 Intangible assets

Intangible assets are initially recognised at cost, and are subsequently measured at cost less accumulated amortisation and impairment losses.

Amortisation is provided to write down the intangible assets, on a straight line basis as follows:

Item	Useful life
• Computer software	2 years
• Website development costs	3 years
• Acquired Customer list	10 years
• Web based software	2 years

Intangible asset useful lives and residual values are assessed annually, any change is accounted for as a change in estimate in terms of IAS 8.

1.5 Financial instruments

Classification and initial recognition

Financial instruments are initially recognised when the company becomes party to the contractual terms of the instruments and are measured at cost, which is the fair value of the consideration given (financial liabilities or equity instruments) or received (financial asset). Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement on initial recognition. Transaction costs are included in the initial measurement of the financial

Accounting Policies

instrument other than for financial instruments recognised at fair value through profit or loss. Subsequent to initial recognition these instruments are measured as follows:

1.5.1 Financial assets

The Groups financial assets consist of the following:

Trade and other receivables

Trade and other receivables are measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

The carrying amount of these instruments approximates their fair value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the company unless otherwise stated. Cash and cash equivalents are subsequently measured at amortised cost as a follows.

Listed Investments

Listed investments are subsequently measured at fair value through profit and loss.

Unlisted Investments

Unlisted investments are subsequently measured at fair value through profit or loss.

1.5.2 Financial Liabilities

Other financial liabilities consists of loans from third parties and deferred purchase consideration. Trade and other payables is carried at amortised cost using the effective interest rate method and the deferred purchase consideration is carried at fair value through profit and loss.

1.5.3 Fair value methods and assumptions

The fair value of financial instruments traded in an active financial market is the quoted market price at year end.
The fair value of financial instruments not traded in an active financial market, is determined using discounted cash flows method that are based on market conditions and risk existing at reporting date, including independent appraisals and discounted cash flow methods. The fair value determined by excluding any transaction costs necessary to realise the assets or settle the liabilities.

The carrying amounts of financial assets and liabilities with a maturity of less than 3 months are assumed to approximate their fair value as the effects of the time value of money are considered to be immaterial.

1.5.4 Set-off

Where a legally enforceable right to set-off exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are set-off in the financial statements.

1.6 Tax

Current taxation and deferred taxation

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income.

Current taxation

Current taxation comprises taxation payable and is calculated on the basis of the expected taxable income for the year, using the taxation rates and laws enacted and substantively enacted at the reporting date, and any adjustment of taxation payable for previous years. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the

Accounting Policies

amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess recognised as an asset.

Dividend withholding tax

Dividend withholding tax is payable at a rate of 20% on dividends paid to shareholders. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the South African Revenue Services on behalf of the shareholder.

Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Current enacted or substantively enacted taxation laws and rates are used to calculate deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is not probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1.7 Leases

The group is party only to leases which meet the criteria to be classified as operating leases.

Operating lease payments are recognised as an expense over the lease term on the straight line basis. The difference between the actual rental paid and straight line rental presented is recognised as an operating lease liability and is unwound over the remaining lease term.

1.8 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provisions for employees’ entitlements to wages, salaries, annual and sick leave represent the amount which the company has a present obligation to pay as a result of the employees’ services provided to the reporting date.

Retirement benefits

The group provides retirement benefits for employees by payments to independent defined contribution funds and contributions are charged against income as incurred. The group has no liability towards any pension or provident fund, apart from normal recurring monthly contributions deducted from employees to be paid to relevant funds.

Equity settled share-based payment transactions

The award date fair value of share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service, ownership and performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service, ownership and performance conditions at the vesting date.

The fair value of the share based payment awards is measured using the Black-Scholes formula. Measurement inputs includes the share price on the measurement date, the exercise price of the instrument, expected share price volatility, term of the instrument, dividends and the risk free interest rate. Once the fair value of equity settled share based payments are determined at grant date, they are not subsequently re-measured.

1.9 Revenue

Revenue comprises of asset management fees, which includes advice fees, management fees, brokerage fees and performance fees, and income earned from the sale of course material.

Accounting Policies

Revenue from asset management fees and service fees are recognised using the stage of completion method over the period during which the services are provided and once the risk and rewards associated with ownership has been transferred in the case of course material.

Performance fee income is included in management fee income and is recognised as and when the group is unconditionally entitled to the revenue and no contingency with respect to future performance exists.
Revenue is measured at the fair value of the consideration received or receivable.

1.10 Other Income

Other income comprises of exchange rates gains and losses, interest received and realised and unrealised profits and losses on listed and other financial assets. Realised and unrealised profits and losses on listed and other financial assets are carried at fair value through profit and loss.

Interest income is recognised in profit and loss as it accrues using effective interest rate.

1.11 Finance expenses

Finance expenses comprises of interest payable on borrowings calculated using the effective interest rate.

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.13 Managements' significant judgements and estimates

Significant judgements and assumptions applied by management have been detailed in the notes to the relevant financial statement items. Management applies their judgements and assumptions on the following items:

- Recoverable amount of goodwill, intangible assets.
- Fair value of financial assets
- Share options
- Fair value of financial liabilities

Figures in Rand thousand

2. Segmental Information

The key line items of the Statement of Financial Position and the Statement of Comprehensive Income of the group companies involved in asset management and non-asset management are the reportable segments which represents the structure used by the executive committee to make key operating decisions and assess performance..

An operating segment's operating results are reviewed regularly by the executive committee in order to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the executive committee include items directly attributable to a segment as well as those that can be allocated on reasonable basis.

2017	Non-asset management	Asset management businesses	*Stockbroking	Inter-company Eliminations	Total
Revenue	55,292	372,050	129,850	(80,909)	476,283
Operating expense	(23,827)	(270,283)	(92,078)	36,668	(349,520)
Operating profit	31,465	101,767	37,772	(44,241)	126,763
Other Income	8,106	8,093	3,259	(6,792)	12,666
Share of (loss) from associate	(1,895)	-	-	-	(1,895)
Finance costs	(548)	(5,081)	(1,491)	2,707	(4,413)
Profit before tax	**37,128**	**104,779**	**39,540**	**(48,326)**	**133,121**

2016	Non-asset management businesses	Asset management businesses	Intercompany eliminations	Restated Total
Revenue	90,883	407,906	(79,457)	419,331
Operating expense	(32,883)	(234,886)	15,673	(252,096)
Operating profit	58,000	173,020	(63,784)	167,236
Other Income	24,095	39,966	(23,112)	40,949
Share of profit from associate	8,012	329	(578)	7,763
finance costs	(347)	(626)	-	(973)
Profit before tax	**89,760**	**212,689**	**(87,474)**	**214,974**

* This is the first year Anchor Stockbroking Proprietary Limited is being consolidated in Anchor Group Limited. Management views Stockbroking as a separate segment from asset management activities and non-asset management activities.

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2017	2016

2017	Asset management businesses	Asset management businesses	*Stockbroking	Inter-company Eliminations	Total
Non current assets	988,442	251,717	8,889	(243,946)	1,005,102
Current assets	109,636	170,121	288,225	(38,810)	529,172
Assets	1,098,078	421,838	297,114	(282,756)	1,534,274
Non current liabilities	(63,468)	(11,456)	(17,237)	20,139	(72,022)
Current liabilities	(1,948)	(79,235)	(251,674)	2,152	(330,705)
Liabilities	(65,416)	(90,691)	(268,911)	22,291	(402,727)
Equity	**1,032,662**	**331,147**	**28,203**	**(260,465)**	**1,131,547**

2016	Anchor Group Limited and non asset management business	Asset management businesses	Inter-company Eliminations	Total
Non current assets	924,434	252,001	(194,459)	981,976
Current assets	134,364	206,705	(35,339)	305,730
Assets	1,058,798	458,706	(229,798)	1,287,706
Non current liabilities	(75,772)	(84,801)	37,579	(122,994)
Current liabilities	(49,876)	(70,050)	32,706	(87,220)
Liabilities	(125,648)	(154,851)	70,285	(210,214)
Equity	**964,350**	**303,855**	**(159,513)**	**1,077,492**

Notes to the Consolidated Annual Financial Statements

3. New standards and interpretations issued not yet effective

The following new standards and interpretations have been issued in the current year and are not effective.

Standard	Details of amendments	Annual periods beginning of after
IFRS 2 Share based payment	• Classification and Measurement : - A collection of three distinct narrow-scope amendments dealing with classification and measurement of share based payments • The amendments address: -The effects of vesting conditions on the measurement of a cash-settled share based payment -The accounting requirements for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled; and -Classification of share-based payment transactions with net settlement features. • The Anchor share option scheme is equity settled and the above amendments do not materially impact Anchor.	1 January 2018

Notes to the Consolidated Annual Financial Statements

3. New standards and interpretations issued not yet effective (continued)

Standard	Details of amendments	Annual periods beginning of after
IFRS 9 Financial Instruments	• A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition: • IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as “fair value through other comprehensive income” in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. • The new model introduces a single impairment model being applied to all financial instruments, as well as an “expected credit loss” model for the measurement of financial assets. • IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. • IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39. • The effect of IFRS 9 amendments are not material as Anchor does not apply Hedge Accounting and its financial assets are carried at fair value through Profit and Loss.	1 January 2018

3. New standards and interpretations issued not yet effective (continued)

Standard	Details of amendments	Annual Periods beginning of after
IFRS 15 Revenue from Contracts with Customers	• New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. • The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. • The new standard supersedes: - IAS 11 Construction Contracts; - IAS 18 Revenue; - IFRIC 13 Customer Loyalty Programmes; - IFRIC 15 Agreements for the Construction of Real Estate; -IFRIC 18 Transfers of Assets from Customers; and - SIC -31 Revenue-Barter Transactions Involving Advertising Services. • There are no long-dated goods or services to customers within Anchor and therefore the impact of the above is not material.	1 January 2018

Notes to the Consolidated Annual Financial Statements

3. New standards and interpretations issued not yet effective (continued)

Standard	Details of amendments	Annual periods beginning of after
IFRS 16 Leases	• New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property,plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows. • IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. • IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases for finance leases, and to account for those two types of leases differently. • IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. • IFRS 16 supersedes the following Standards and Interpretations: - IAS 17 Leases; - IFRIC 4 Determining whether an Arrangement contains a lease; - SIC -15 Operating Leases -Incentives; and - SIC -27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. • The major lease within Anchor Group is negotiated annually. Due to this, the impact of the above amendment is not material.	1 January 2019

Notes to the Consolidated Annual Financial Statements

4. Equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	8,072	(3,572)	4,500	7,075	(2,242)	4,833
Motor vehicles	776	(263)	513	531	(139)	392
Office equipment	3,441	(2,528)	913	2,778	(1,734)	1,044
IT equipment	4,013	(2,614)	1,399	3,182	(1,645)	1,537
Total	**16,302**	**(8,977)**	**7,325**	**13,566**	**(5,760)**	**7,806**

Reconciliation of equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	4,833	1,173	(170)	(1,336)	4,500
Motor vehicles	392	245	-	(124)	513
Office equipment	1,044	688	(55)	(764)	913
IT equipment	1,537	831	-	(969)	1,399
	7,806	**2,937**	**(225)**	**(3,193)**	**7,325**

Reconciliation of equipment - 2016

	Opening balance	Additions	Additions through business combinations	Depreciation	Total
Furniture and fixtures	2,546	1,257	1,849	(819)	4,833
Motor vehicles	498	-	-	(106)	392
Office equipment	708	707	146	(517)	1,044
IT equipment	95	372	1,368	(298)	1,537
	3,847	**2,336**	**3,363**	**(1,740)**	**7,806**

5. Goodwill

	2017			2016		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	557,287	-	557,287	551,910	-	551,910

Reconciliation of goodwill - 2017

	Opening balance	Additions through business combinations	Total
Goodwill	551,910	5,377	557,287

Restated reconciliation of goodwill - 2016 (Refer to Note 26)

	Restated opening balance	Additions through business combinations	Purchase Price Allocation	Total
Goodwill	288,440	232,270	31,200	551,910

Notes to the Consolidated Annual Financial Statements

Allocation of Goodwill

Anchor Capital Proprietary Limited	856	856
Ripple Effect 4 Proprietary Limited	2,263	2,263
Anchor Capital Cape Town Proprietary Limited	21,282	21,282
Methwold Investments Proprietary Limited	124,272	124,272
Portfolio Bureau Proprietary Limited	139,767	139,767
AG Capital Proprietary Limited	132,116	132,116
Anchor Securities Holdings Proprietary Limited	131,354	131,354
Anchor Stockbroking Proprietary Limited	5,377	-
	557,287	**551,910**

Material assessed recoverable amounts from above are disclosed below:	**Carrying Values for Goodwill**	**Assessed Recoverable Amounts for Investments**
Methwold Investments Property Limited	124,272	136,682
AG Capital Proprietary Limited	132,116	232,838
Portfolio Bureau Proprietary Limited	139,767	156,812
Anchor Securities Holdings Proprietary Limited	131,354	155,959
	527,509	**682,291**

The assessed recoverable amounts were determined by calculating the value in use of each company.
A Discounted cash flow model was used to calculate the value in use over a five year forecast.
The key assumptions in this model were:
1. Revenue growth (Incorporating market returns and net asset flows)
2. Expenses growth (Incorporating variable and fixed expenses)
3. Discount Rate
4. Terminal Price Earnings ratio
In management's view, the assumptions are assessed to be reasonable and conservative based on historic information.

Sensitivity analysis on significant cash generating units

Assumptions	**Revenue growth**	**Expenses growth**	**Discount Rate**	**Terminal PE**
Methwold Investments Proprietary Limited	12.50%	8%	15%	8
AG Capital Proprietary Limited	15%	10%	15%	8
Portfolio Bureau Proprietary Limited	10%	6%	15%	8
Anchor Securities Holdings Proprietary Limited	20%	8%	15%	8

Sensitivities - Revenue Growth	**10% on inputs**	**-10% on inputs**
Methwold Investments Proprietary Limited	139,011	134,353
AG Capital Proprietary Limited	253,810	212,607
Portfolio Bureau Proprietary Limited	161,989	151,758
Anchor Securities Holdings Proprietary Limited	166,152	146,080

Sensitivities - Expenses Growth	**10% on inputs**	**-10% on inputs**
Methwold Investments Proprietary Limited	134,496	138,824
AG Capital Proprietary Limited	225,196	240,290
Portfolio Bureau Proprietary Limited	156,193	157,421
Anchor Securities Holdings Proprietary Limited	154,621	157,275

Sensitivities - Discount Rate	**10% on inputs**	**-10% on inputs**
Methwold Investments Proprietary Limited	146,401	126,963
AG Capital Proprietary Limited	249,664	216,011
Portfolio Bureau Proprietary Limited	165,879	147,744
Anchor Securities Holdings Proprietary Limited	167,429	144,488

Sensitivities - Terminal PE	10% on inputs	-10% on inputs
Methwold Investments Proprietary Limited	146,401	126,963
AG Capital Proprietary Limited	249,664	216,011
Portfolio Bureau Proprietary Limited	165,879	147,744
Anchor Securities Holdings Proprietary Limited	167,429	144,488

6. Intangible assets

	2017			2016		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Computer software	3,929	(2,613)	1,316	3,075	(2,263)	812
Website development costs	4,312	(599)	3,713	1,090	(251)	839
Customer list	90,961	(12,463)	78,498	69,692	(6,305)	63,387
Web-based software	3,695	-	3,695	2,639	-	2,639
Total	**102,897**	**(15,675)**	**87,222**	**76,496**	**(8,819)**	**67,677**

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Additions through business combinations	Inter-company transfers	Amortisation	Total
Computer software	812	1,113	-	(382)	(227)	1,316
Website development cost	839	4,150	-	(45)	(1,231)	3,713
Customer list	63,387	-	21,269	-	(6,158)	78,498
Web-based software	2,639	1,056	-	-	-	3,695
	67,677	**6,319**	**21,269**	**(427)**	**(7,616)**	**87,222**

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Additions through business combinations	Amortisation	Total
Computer software	285	563	114	(150)	812
Website development costs	272	790	-	(223)	839
Customer List	29,638	-	38,719	(4,970)	63,387
Web-based software	2,207	432	-	-	2,639
	32,402	**1,785**	**38,833**	**(5,343)**	**67,677**

Web-based software is still in development phase and is not yet available for use therefore no amortisation was provided.
Impairment testing was performed on these assets still in development phase, and no impairment was recognised.
Remaining useful lives of Software is 1-2 years.
Remaining useful lives of Website development costs 1-3 years.
Remaining useful lives of Customer List 4 -10 years.

7. Investments in associates and joint operations

The following table lists all of the associates and joint operations in the group:

Name of company	Held by	% ownership interest 2017	% ownership interest 2016	Carrying amount 2017	Carrying amount 2016
*Arengo 203 Proprietary Limited	Anchor Group Limited	50.00 %	50.00 %	16,276	10,660
Southridge Global Capital Proprietary Limited	Anchor Group Limited	25.00 %	25.00 %	1,634	1,381
Anchor Financial Services Proprietary Limited	Anchor Group Limited	20.00 %	20.00 %	14,877	11,439
Stylo Investment Proprietary Limited	Anchor Group Limited	36.75 %	- %	3,894	-
Anchor Private Clients Proprietary Limited	Anchor Capital Proprietary Limited	14.12 %	14.12 %	1	(328)
Capricon Fund Managers Malta Limited	Anchor Group Limited	48.49 %	48.49 %	297,627	305,830
** Anchor Stockbroking Proprietary Limited	Anchor Group Limited	100.00 %	25.10 %	-	12,782
				334,309	341,764

*Anchor Group Limited considers Arengo 203 Proprietary Limited a joint operation as no decisions can be made without mutual agreement.
**Anchor Group Limited has acquired the remainder of the shares effective 1 March 2017 in Anchor Stockbroking Proprietary Limited with the result that Anchor Group Limited has increased its shareholding from 25% to 100%.

Summarised financial information of associates

2017

Summarised statement of profit or loss and other comprehensive income	Revenue	Other expenses	Taxation	Total comprehensive Income
Southridge Global Capital Proprietary Limited	1,587	(1,820)	66	(167)
Anchor Financial Services Proprietary Limited	4,957	(8,512)	995	(2,560)
Arengo 203 Proprietary Limited	6,106	(4,744)	(381)	981
Capricon Fund Managers Malta Limited	32,307	(37,447)	644	(4,496)
Stylo Investment Proprietary Limited	815	(2,180)	-	(1,365)
	45,772	**(54,703)**	**1,324**	**(7,607)**

Summarised statement of financial position	Non current assets	Current assets	Non current liabilities	Current liabilities	Total net assets
Southridge Global Capital Proprietary Limited	287	892	-	(38)	1,141
Anchor Financial Services Proprietary Limited	3,533	5,241	-	(11,404)	(2,630)
Arengo 203 Proprietary Limited	65,777	1,020	(31,892)	(1,571)	33,334
Capricon Fund Managers Malta Limited	43,964	29,174	-	(49,834)	23,304
Stylo Investment Proprietary Limited	1,116	3,281	(1,163)	(38)	3,196
	114,677	**39,608**	**(33,055)**	**(62,885)**	**58,345**

Notes to the Consolidated Annual Financial Statements

Reconciliation of investments in associates	Investment at cost (including goodwill)	Accumulated share of profit/(losses) from associates	Loan to associate	Sharebuy back	Dividends	Investment in associate
Southridge Global Capital Proprietary Limited	1,868	(48)	(186)	-	-	1,634
Anchor Financial Services Proprietary Limited	5,000	(1,126)	11,003	-	-	14,877
Arengo 203 Proprietary Limited	10,620	1,020	4,635	-	-	16,276
Anchor Securities Private Clients Proprietary Limited	1	-	-	-	-	1
*Capricon Fund Managers Malta Limited	322,396	6,480	-	(4,800)	(26,449)	297,627
Stylo Investment Proprietary Limited	4,036	(142)	-	-	-	3,894
	343,921	**6,184**	**15,452**	**(4,800)**	**(26,449)**	**334,309**

*The value in use of CFM Malta was determined using the Discounted Cash Flow model. Cash flows were projected on actual reflecting results and a 5 year forecast.
The Value in use assessed is R341 892.
The key assumptions used in the model were:
1. Growth rate: 6%
2. Discount Rate: 15%

3. AUM Flows		('000)
GEM Strategy	Yr 1-2	20 000 USD
	Yr 3-5	50 000 USD
SA Hedge	Yr 1-5	200 000 ZAR
SA Long Only	Yr 1-5	180 000 ZAR
4. Performance of Funds (post fees)	12%	
5. Rand USD rate	11,89	
6. Rand GBP rate	16,91	

The performance fee assumption of 12% is based on the Compounded Annual Growth Rate (CAGR) of the CFM funds, and is assessed as being reasonable.

The AUM assumptions are based on historic information, and is assessed as being reasonable.

Sensitivity Analysis (Value in Use):	**10% on inputs ('000)**	**-10% on inputs ('000)**
Growth Rate	363,450	323,030
Discount Rate	284,030	423,565
AUM Flows	359,735	324,046
Performance of Funds	384,693	300,800
Rand USD Rate	381,141	302,613
Rand GBP rate	332,103	351,661
GBP USD rate	371,376	312,407

2016

Summarised statement of profit or loss and other comprehensive income	**Revenue**	**Other expenses**	**Taxation**	**Total comprehensive Income**
Southridge Global Capital Proprietary Limied	2,074	(2,048)	-	26
Anchor Financial Services Proprietary Limited	4,585	(7,546)	-	(5,330)
Arengo 203 Proprietary Limited	13,091	(12,980)	(31)	(40)
Anchor Securities Private Clients Proprietary Limited	8,408	(11,727)	(990)	(6,309)
Capricon Fund Managers Malta Limited	45,516	(26,102)	(2,059)	8,228
	73,674	**(60,403)**	**(3,080)**	**(3,345)**

Summarised statement of financial position	**Non current assets**	**Current assets**	**Non current liabilities**	**Current liabilities**	**Total net assets**
Southridge Global Capital Proprietary Limited	233	1,133	-	(51)	1,310
Anchor Financial Services Proprietary Limited	3,010	3,435	-	(7,345)	(3,269)
Arengo 203 Proprietary Limited	66,195	1,664	36,166	(1,272)	102,713
Anchor Securities Private Clients Proprietary Limited	3,310	2,578	(15,729)	(63)	(11,904)
Capricon Fund Managers Malta Limited	1,190,481	962,080	(334,284)	(431,308)	1,377,842
	1,263,229	**970,890**	**(313,847)**	**(440,039)**	**1,466,692**

Notes to the Consolidated Annual Financial Statements

Reconciliation of investments in associates	Investment at cost (including goodwill)	Share of profit/(losses) from associates	Share buy back	Dividend	Loan to associates	Investment at end of 2016
Southridge Global Capital Proprietary Limited	1,868	7	-	-	(494)	1,381
Anchor Financial Services Proprietary Limited	5,000	(536)	-	-	6,975	11,439
Arengo 203 Proprietary Limited	10,620	40	-	-	-	10,660
Anchor Securities Private Clients Proprietary Limited	-	(328)	-	-	-	(328)
Capricon Fund Managers Malta Limited	322,396	8,660	(4,800)	(20,425)	-	305,831
Anchor Securities Stockbroking Proprietary Limited	-	-	-	-	12,782	12,782
	339,884	**7,843**	**(4,800)**	**(20,425)**	**19,263**	**341,765**

8. Financial assets

At fair value through profit or loss - designated		
Cartesian Capital Proprietary Limited	796	796
Edugro Holdings Proprietary Limited	12,350	9,948
Short term investments	63,482	87,064
	76,628	**97,808**
Held at amortised cost - Non-current		
Hatch Corp Proprietary Limited	1,514	-
The loan is unsecured, interest free and has no fixed terms of repayment		
Loans and receivables - Current		
Anchor Consulting Proprietary Limited	2,493	2,493
The loan is unsecured, interest free and has no fixed terms of repayment.		
Loans for investment purposes	6,381	16,898
The above is unsecured, interest at prime and repayable on demand.		
Cartesian Capital Proprietary Limited	1,204	1,168
The loan is unsecured, interest free and has no fixed terms of repayment.		
Foreign loan	14,872	16,485
The above loan bears interest at LIBOR plus 1%, repayable on demand.		
Loans to Anchor Securities Private Clients Proprietary Limited	17,200	15,729
The above loan is unsecured, interest is at prime and repayable on demand.		
Deposit for Land	6,250	-
Deposit paid to conveyances for purchase of land in 27 Culross Road. At year end the title deed was not transferred to the Anchor Group's name..		
	48,400	**52,773**
Total other financial assets	**126,542**	**150,581**
Non-current assets		
Designated at fair value through profit or loss	13,146	10,744
At amortised	1,514	-
	14,660	**10,744**
Current assets		
Designated at fair value through profit or loss	63,482	87,064
Loans and receivables at amortised cost	48,400	52,773
	111,882	**139,837**

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2017	2016
	126,542	**150,581**

Fair value hierarchy of financial assets at fair value through profit or loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted market prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

	2017	2016
Level 1		
Short term investments and unit trust	63,482	87,064
Level 2		
Option on listed equity	-	3,843
Level 3		
Unlisted investments	14,660	10,744
	78,142	**101,651**

Level 1 investments are listed investments.
Level 2 option was on listed equities. The value of the option was calculated using an option pricing model.
Level 3 is an unlisted investment. The value in use was determined by discounting the future cash flows generated from the continuing use and was based on the cash flows that were projected on actual operating results and a 5-year forecast. The cash flows are discounted using a rate between 15%-20%, which represents the range of weighted average cost of capital.

9. Deferred tax

Deferred tax liability

	2017	2016
Originating from temporary differences	(21,034)	(15,928)
Unrealised gain/(loss) in investments	1,726	(1,046)
Total deferred tax liability	**(19,308)**	**(16,974)**

Deferred tax asset

	2017	2016
Originating from temporary differences	4,299	980
Unrealised loss in investments	-	1,095
Deferred tax balance from temporary differences other than unused tax losses	4,299	2,075
Total deferred tax asset	**4,299**	**2,075**

	2017	2016
Deferred tax liability	(19,308)	(16,974)
Deferred tax asset	4,299	2,075
Total net deferred tax liability	**(15,009)**	**(14,899)**

Reconciliation of deferred tax asset / (liability)

	2017	2016
At beginning of year	(14,899)	(9,168)
Originating from provisions and accruals	1,986	(669)
Originating from temporary difference on straight lining of operating leases	46	197
Originating from other temporary differences	1,556	-
Originating from temporary differences on intangible asset	(2,396)	(9,556)
Originating from unrealised gain in investments	(1,302)	4,058
Prior year adjustment	-	239
	(15,009)	**(14,899)**

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2017	2016

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	86,637	42,396
Cash balances in investments	7,035	35,788
	93,672	**78,184**

11. Trade and other receivables

Trade receivables	55,771	73,344
Other receivables	5,495	1,485
Staff loans	8,498	6,773
	69,764	**81,602**

There are no material debtors past due not impaired.

12. Share capital

Authorised		
1 000 000 000 Ordinary shares of no par value	1,000,000	1,000,000

Reconciliation of number of shares issued:		
Reported as at 31 December 2016	193,456	166,163
Issue of shares to acquire customer list	919	-
Issue of shares for purchase consideration settlement - Methwold Investments Proprietary Limited	137	-
Issue of shares	2,708	7,002
Issue of shares to acquire Capricorn Fund Managers	-	7,699
Issue of shares to acquire Anchor Securities Proprietary Limited	-	7,222
Issue of shares to acquire AG Holdings Proprietary Limited	-	5,370
	197,220	**193,456**

Value of shares issued		
Opening balance as at 01 January 2017	904,010	635,945
Issue of shares to acquire customer list	5,000	-
Issue of shares for purchase consideration settlement - Methwold Investments Proprietary Limited	663	-
Issue of shares Capricorn	-	93,677
Issue of shares to acquire Anchor Securities Holdings Proprietary Limited	-	110,446
Issue of shares to acquire AG Holdings Proprietary Limited	-	56,632
Issue of shares for value	4,229	10,829
Share Issue costs	-	(3,519)
	913,902	**904,010**

During the year 1.351 million shares at an average market price of R4.50 were bought in the open market by Anchor Capital Proprietary Limited. These shares are classified as Treasury Shares.

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2017	2016

13. Financial liabilities

Held at amortised cost - Non-current		
Standard Bank Limited	15,036	29,976
The above loan is secured, repayable semi-annually over 3 years with installments of R7 500 000 bearing interest at JIBAR +2.65%.		
Held at fair value-Non-current		
Contingent Purchase Consideration - Methwold Investments Proprietary Limited ("Methwold")	15,584	26,344
Anchor will acquire the remaining 26% of Methwold in three (3) annual tranches based on a price earnings ratio of 8 times audited profit after taxation commencing from the year ending 31 December 2017. The purchase consideration for the remaining 34% has been capped at a maximum of the initial purchase consideration.		
Contingent Purchase consideration - AG Capital Proprietary Limited	22,094	49,700
An additional amount is payable to external shareholders. This is for the underpin on the share issued for the acquisition		
	52,714	**106,020**
Held at amortised cost - Current		
Standard Bank Limited	15,000	15,000
The above loan is secured, repayable semi-annually over 3 years with installments of R7 500 000 bearing interest at JIBAR +2.65%.		
Held at fair value-Current		
Contingent Purchase Consideration - Portfolio Bureau Proprietary Limited ("PB")	-	13,625
Additional purchase consideration with respect to share underpin. This was settled in the current financial year.		
Purchase consideration - Anchor Capital Cape Town Proprietary Limited	-	2,680
The contingent purchase consideration required the group to pay previous owners of Anchor Capital Cape Town Proprietary Limited shares to the value of R2 952 000. The contingency was subject to a profit warranty for R3m and other administrative warranties.The contingent consideration was settled in the current financial year.		
Contingent Purchase consideration - AG Capital Proprietary Limited	22,094	-
An additional amount is payable to external shareholders. This is for the underpin on the share issued for the acquisition		
	37,094	**31,305**
	89,808	**137,325**

Non-current liabilities		
At amortised cost	15,036	29,976
At fair value	37,678	76,044
	52,714	**106,020**
Current liabilities		
Fair value	22,094	16,305
At amortised cost	15,000	15,000
	37,094	**31,305**
	89,808	**137,325**

14. Trade and other payables

Trade payables	26,800	45,038

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2017	2016

15. Revenue

Sale of course materials	2,015	1,616
Asset management fees	474,268	417,715
	476,283	**419,331**

16. Operating profit

Operating profit for the year is stated after accounting for the following:

Operating lease charges		
Premises		
Lease rentals	11,773	8,491
Amortisation on intangible assets	7,616	5,428
Depreciation	3,193	1,766
Employee costs	160,725	130,344
Commission cost	10,805	-
Research and development costs	2,247	1,868
Share based payment expense	6,393	5,283
Gain on deemed disposal on stepped acquisition	-	30,645
Gain on bargain purchase	-	1,661

17. Other income

Interest received	6,538	6,748
Fair value gain on contingent consideration	5,512	-
Gain on sale of Corion Capital Proprietary Limited	-	416
Other Income	1,786	1,260
Fair value gain/(loss) on investments	(1,170)	219
	12,666	**8,643**

18. Finance costs

Interest on shareholders loan	-	365
Interest paid	4,413	608
Total finance costs	**4,413**	**973**

19. Taxation

Major components of the tax expense

Current		
Local income tax - current period	37,049	47,439
Deferred		
Originating and reversing temporary differences	(665)	(4,445)
	36,384	**42,994**

Figures in Rand thousand	2017	2016

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2017	2016
Accounting profit	133,121	214,974
Tax at the applicable tax rate of 28% (2016: 28%)	37,274	60,193
Tax effect of adjustments on taxable income		
Equity Settled Share Scheme	1,680	1,480
Fair value on Anchor Securities Holdings	-	(8,581)
Corporate Finance expenses	107	280
Other	735	186
Share of (profits)/loss from Associates	531	(2,174)
Unrealised gain/(loss)	(975)	(239)
Provisions	299	3,846
Fair value underpin on AG Capital Proprietary Liimited	(1,543)	-
Intangible assets	(1,724)	(11,997)
	36,384	**42,994**

20. Share based payments

Part of the motivation for listing Anchor Group Limited was to enable staff members to participate in the equity of the business.
Only equity settled share options were issued to staff. Fair value at grant date is calculated using Black Scholes Model.

	01 October 2017	01 March 2016	01 January 2015	30 June 2015	01 May 2015	01 September 2014
Number of options ('000)	6 954	3 317	4 779	977	787	9 256
Vested period	3 years	3 years	3 years	3 years	3 years	3 years
Vesting conditions	In the employ of the company	In the employ of the company	In the employ of the company	In the employ of the company	In the employ of the company	In the employ of the company
Expiry date	5 years	5 years	5 years	5 years	5 years	5 years
Weighted average share price	R4.5	R14	R2 - R6.50	R2 - R10.80	R2 - R10.80	R2
Expected Volatility	30%	27%	24%-30%	24%-30%	24%-30%	30%
Exercise price	R3.40	R10	R1,40- R5	R1,40- R10	R1,40- R10	R1.40
Expected dividend yield	7.3%	7.9%	6.9% -9%	6.9% -9%	6.9% -9%	9%
Risk -free interest rate	5.36%	6%	5.29%	5.29%	5.29%	5.29%
Remaining expiry period	3 years	2 years	2 years	2 years	2 years	1 year

Reconciliation of share options	**Number of share options outstanding**	**Number of share options outstanding**
	2017	**2016**
Opening balance	8,913	11,935
Number of options granted during the year	6,954	3,431
Number of options exercised	(2,708)	(4,503)
Number of options lapsed	(329)	(1,950)
Number of options at year end	**12,830**	**8,913**

The weighted average share price at the date of exercise was R4.50 (2016: R12.85).

Directors	Number of share options outstanding 2016 ('000)	Number of share options issued 2017	Number of share options exercised/lapsed 2017	Total Outstanding Options
PG Armitage	1,102	454	-	1,556
TE Kaplan	352	164	(154)	362
OZ Khan	199	148	(33)	314
	1,653	**766**	**(187)**	**2,232**

21. Earnings per share

	2017	2016
Earnings per share (cents)	32.6	77.7
Diluted earnings per share (cents)	32.6	75.9
Headline earnings per share (cents)	32.6	59.5
Diluted headline earnings per share (cents)	32.6	58.1
Adjusted headline earnings per share (cents)	38.0	64.7
Diluted adjusted headline earnings per share (cents)	37.9	63.2

Earnings and headline earnings per share

	2017	2016
Earnings attributable to shareholders	**96,737**	**171,980**
Non-controlling interest	(33,400)	(33,634)
Earnings attributable to ordinary shareholders	**63,337**	**138,346**
Gain on bargain purchase	-	(1,661)
Fair Value gain on acquisition of former associate	-	(30,645)
Headline earnings attributable to ordinary shareholders	**63,337**	**106,040**
Amortisation on Intangible Asset net of tax	4,065	3,578
Equity settled share option costs	6,393	5,656
Adjusted headline earnings attributable to ordinary shareholders	**73,795**	**115,274**

Adjusted headline earnings are calculated by the Group in order to reflect the sustainable cash-flow earnings of the Group. This number is used as the basis to determine the dividend cover of the Group. The share options costs, amortisation on intangible assets, and the business combination adjustment are all non-cash flow items and are therefore excluded from adjusted headline earnings.

	2017	2016
Number of shares in issue	197,217	193,455
Weighted average number of shares in issue	194,310	178,120
Employee share incentive scheme	244	4,253
Diluted weighted average number of shares in issue	**194,554**	**182,374**

Figures in Rand thousand	2017	2016

22. Cash generated from operations

Profit before taxation	133,121	214,974
Adjustments for:		
Depreciation and amortisation	10,809	7,083
Income from equity accounted investments	1,895	(7,763)
Interest income	(6,538)	(6,748)
Finance costs	4,413	973
Share option Costs	6,393	5,656
Gain on disposal of associate	-	(419)
Gain on bargain purchase of subsidiary	-	(1,661)
Fair value gain	1,846	(30,645)
Fair value gain	-	(4,144)
Trade and other receivables	12,490	2,472
Trade and other payables	(23,693)	(22,518)
	-	-
	140,736	**157,260**

Reconciliation of liabilities arising from financing activities	Long term borrowings	Contingent Purchase consideration	Total
1 January 2017	44,976	92,349	137,325
	44,976	92,349	137,325
Cash-flows: Repayment	(14,940)	(24,891)	(39,831)
Non-cash: Fair value adjustment	-	(7,686)	(7,686)
	30,036	**59,772**	**89,808**

23. Tax (paid) refunded

Balance at beginning of the year	4,770	(7,569)
Current tax for the year recognised in profit or loss	37,049	(47,439)
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	-	(30,612)
Tax balance end of the year	(12,069)	-
	29,750	**(85,620)**

24. Dividends paid

Dividends paid by Anchor Group to external shareholders	(29,018)	(59,493)
Dividends paid by Subsidiaries to external shareholders	(24,274)	(51,451)
	(53,292)	**(110,944)**

25. Amounts owing (to)/by stockbroking activities

Amounts receivable on stockbroking activities	251,566	-
Amounts payable in respect of stockbroking activities	(252,454)	-
	(888)	**-**

In terms of Section 21 of the Financial Markets Act of 2012, cash held for client accounts and in the client's name is held with JSE Trustees Proprietary Limited ("JSE Trustees"). The amounts owing to and from clients represent unsettled exchange traded transactions at year end.

Figures in Rand thousand

26. Business combinations

Anchor Stockbroking Proprietary Limited

Anchor Group Proprietary Limited has acquired the remainder of the shares effective 1 March 2017 in Anchor Stockbroking Proprietary Limited with the result that Anchor Group Proprietary Limited has increased its holding from 25% to 100%.

Provisional fair value of assets acquired and liabilities assumed

	2017	2016
Property, plant and equipment	132	
Intangible assets	2,270	
Deferred tax	1,850	
Trade and other receivables	562	
Cash and cash equivalents	12,406	
Loans from intragroup companies	(15,270)	
Trade and other payables	(6,343)	
Goodwill	**(5,377)**	

Acquisition of customer list

The group acquired a book of assets which qualify as a business combination.

Book Purchases	Financial Advisors	Deferred Tax-Financial Advisors	Total
01/01/2017	2,042	794	2,836
01/03/2017	2,270	883	3,153
09/06/2017	200	78	278
30/06/2017	10,157	3,950	14,107
28/09/2017	644	251	895
	15,313	**5,956**	**21,269**

Restatement of consolidated financial statements due to goodwill

On 1 December 2016, the group acquired 50% of the issued shares and voting rights of AG Capital Proprietary Limited. The group had recognised provisional amounts at the acquisition date owing to certain facts and circumstances being unknown at the acquisition date relating to the the determination of the purchase price allocation and identifiable assets.

**The unknown facts were the potential liability created due to underpin on the share price. At 30 November 2017, an additional at-acquisition contingent purchase consideration liability was raised as part of the finalisation of the provisional fair values. The effect resulted in a change to goodwill of the 2016 financial results, where applicable.

*A liability on acquisition arose for an amount payable to the previous owners if the profit warranty was exceeded. This was not the case and the liability was derecognised through the statement of comprehensive income.

	Provisional fair values reported as at acquisition	Adjustments	Final fair values on acquisition date
Equipment	3,231	-	3,231
Cash and cash equivalents	4,588	-	4,588
Trade and other receivables	6,864	-	6,864
Current tax payable	(5,180)	-	(5,180)
Trade and other payables	(5,871)	-	(5,871)
Total identifiable net assets	3,632	-	3,632
Non-controlling interest	(1,816)	-	(1,816)
Consideration paid in shares	56,632	-	56,632
Cash	27,660	-	27,660
*Contingent purchase consideration - Additional warranty payment	18,500	-	-
**Contingent purchase consideration - Share underpin	-	31,200	31,200
	104,548	**31,200**	**135,748**

Figures in Rand thousand	2017	2016

27. Related parties

Relationships

Subsidiaries	Anchor Capital Proprietary Limited Ripple Effect 4 Proprietary Limited Methwold Investments Proprietary Limited Capricon Fund Managers South Africa Proprietary Limited AG Capital Proprietary Limited Anchor Capital Cape Town Proprietary Limited Anchor Private Clients Proprietary Limited Anchor Stockbroking Proprietary Limited Portfolio Bureau Proprietary Limited Anchor Capital (Mauritius) Limited
Shareholder with significant influence	Capricorn Fund Managers Malta Limited
Associates	Arengo 203 Proprietary Limited Anchor Financial Services Proprietary Limited Southridge Capital Proprietary Limited Stylo Investments Proprietary Limited
Member of key management	PG Armitage (Chief Executive Officer) TE Kaplan (Chief Operating Officer) OZ Khan (Chief Financial Officer)
Non-executive directors	K Bissessor (Independent non-executive director) MS Teke (Non-executive director) AJ Adams (Independent non-executive director) AP Nkuna (Lead independent non-executive director) N Dennis (Independent non-executive director)

Related party balances

	2017	2016
Loan accounts - Owing (to) by related parties : Anchor Group Proprietary Limited		
Anchor Capital Proprietary Limited	33,121	913
Ripple Effect 4 Proprietary Limited	486	1,937
Cartesian Capital Proprietary Limited	1,204	1,168
Capricon Fund Managers SA Proprietary Limited	-	1,748
Arengo 203 Proprietary Limited	(4,636)	-
Anchor Stockbrokers Proprietary Limited	8,736	7,879
Anchor Consulting Proprietary Limited	2,493	2,786
Anchor Financial Services Proprietary Limited	11,003	6,975
Southridge Capital Proprietary Limited	(186)	(494)
Anchor Capital (Mauritius) Limited	-	2,090
Loan accounts - Owing (to) by related parties		
Anchor Capital Proprietary Limited		
Anchor Mauritius Limited	2,944	-
Anchor Private Clients Proprietary Limited	13,020	15,486
Anchor Capital Cape Town Proprietary Limited	5,406	(1,224)
Anchor Group Limited	(13,121)	-
Anchor Stockbroking Proprietary Limited	5,433	4,903
Loan accounts - Owing (to) by related parties		
Anchor Capital Cape Town Proprietary Limited		
Anchor Capital (Proprietary) Limited	(5,406)	-
Hobo Trust	1,500	1,500
Loan accounts - Owing (to) by related parties		
Anchor Private Wealth Proprietary Limited		
Anchor Consulting Proprietary Limited	-	1,031
Anchor Private Clients Proprietary Limited	17,200	15,729
Anchor Stockbroking Proprietary Limited	2,270	4,301

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2017	2016
Amounts included in Trade receivable (Trade Payable) regarding related parties :		
Anchor Capital Proprietary Limited		
Anchor Capital (Mauritius) Limited	-	771
Anchor Consulting Proprietary Limited	10	10
Anchor Private Clients Proprietary Limited	269	76
Anchor Private Clients Proprietary Limited	12	6
Anchor Stockbroking Proprietary Limited	1,279	1,198
Cartesian Capital Proprietary Limited	37	94
Portfolio Bureau Investments Proprietary Limited	9	9
Ripple Effect 4 Proprietary Limited	22	22
Southridge Global Proprietary Limited	77	77
Anchor Capital Proprietary Limited	438	31
AG Capital Proprietary Limited	379	-
Capricon Fund Managers SA	29	-
Methwold Investments Proprietary Limited	61	-
Amounts included in trade receivable (trade payable) regarding related partiers		
Anchor Group Limited		
Anchor Capital Proprietary Limited	(438)	31
Amounts included in trade receivable (trade payable) regarding related parties		
Anchor Capital Cape Town Proprietary Limied		
Anchor Capital Proprietary Limited	2,111	1,289
Amounts included in trade receivable (trade payable) regarding related parties		
Anchor Private Wealth Proprietary Limited		
Anchor Capital Proprietary Limited	63	38
Anchor Private Clients Proprietary Limited	36	92
Anchor Stockbrokers Proprietary Limite	2,633	2,417

Related party transactions

Interest paid to (received) from related parties : Anchor Group Proprietary Limited		
Anchor Financial Services Proprietary Limited	(955)	(519)
Interest paid to (received from) related parties		
Anchor Capital Proprietary Limited		
Anchor Stockbroking Proprietary Limited	(533)	(257)
Anchor Private Clients Proprietary Limited	(1,534)	(223)
Interest paid to (received) from (sales to) related parties : Anchor Stockbroking Proprietary Limited		
Anchor Group Proprietary Limited	857	421
Anchor Capital Proprietary Limited	533	257
Rent paid to (received) from related parties : Anchor Group Proprietary Limited		
Anchor Securities Proprietary Limited	-	(267)
Arengo 203 Proprietary Limited	5,624	5,551
Anchor Capital Proprietary Limited	(8,571)	(7,070)
Head Office costs received Anchor Group Limited		
Anchor Capital Proprietary Limited	(917)	523
Share options Anchor Group		
Anchor Capital Proprietary Limited	5,999	5,284
Anchor Capital Cape Town Proprietary Limited	-	(3)
Methwold Investments Proprietary Limited	394	373
Dividends received Anchor Group Limited		
Anchor Capital Proprietary Limited	-	23,000
Portfolio Bureau Proprietary Limited	16,345	15,701
Capricon Fund Managers SA Proprietary Limited	1,455	32,238
Capricon Fund Managers Malta Limited	-	45,228
AG Capital Proprietary Limited	8,828	-

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2017	2016
Anchor Capital Mauritius Limited	5,546	-
Methwold Investments Proprietary Limited	8,812	10,780
Dividends received		
Anchor Capital Proprietary Limited		
Anchor Capital Cape Town Proprietary Limited	-	9,500
Data and research costs paid : Anchor Capital Proprietary Limited		
Ripple Effect 4 Proprietary Limited	1,588	1,372
Insurance recovered : Anchor Capital Proprietary Limited		
Anchor Consulting Proprietary Limited	-	1
Anchor Capital Cape Town Proprietary Limited	24	6
Anchor Capital (Mauritius) Limited	-	2
Anchor Financial Services Proprietary Limited	62	57
Ripple Effect 4 Proprietary Limited	12	3
Cartesian Capital Proprietary Limited	-	2
Anchor Clients Proprietary Limited	139	36
Methwold Investments Proprietary Limited	107	24
AG Capital Proprietary Limited	72	-
Southridge Capital Proprietary Limited	9	-
Anchor Private Clients Proprietary Limited	6	-
Anchor Stockbrokers Proprietary Limited	37	-
Stylo Investments Proprietary Limited	2	-
Accounting Fees recovered Anchor Capital Proprietary Limited		
Anchor Private Clients Proprietary Limited	-	360
Anchor Capital Cape Town Proprietary Limited	90	90
Anchor Financial Services Proprietary Limited	2	1
Southridge Capital Prorietary Limited	30	-
Commissions received(paid) : Anchor Capital Proprietary Limited		
Anchor Capital Cape Town Proprietary Limited	(16,357)	(4,747)

28. Directors' emoluments

Executive Directors

2017

Salaries paid by Anchor Capital Proprietary Limited	Emoluments	Bonus and performance related payments	Gains on exercise of options	Total
PG Armitage	2,130	730	-	2,853
TE Kaplan	1,155	358	505	2,028
OZ Khan	1,017	460	109	1,604
	4,302	**1,548**	**614**	**6,485**

	Number of share options outstanding 2016 ('000)	Number of share options issued 2017 ('000)	Number of share options exercised 2017 ('000)	Total Outstanding Options ('000)
PG Armitage	1,102	454	-	1,556
TE Kaplan	352	164	(154)	362
OZ Khan	199	148	(33)	314
	1,653	**766**	**(187)**	**2,232**

Figures in Rand thousand

28. Directors' emoluments (continued)

2016

	Emoluments	Other benefits	Gains on exercise of options	Total
PG Armitage	1,955	1,500	6,541	9,996
TE Kaplan	1,078	900	1,635	3,613
OZ Khan	828	700	353	1,881
	3,861	**3,100**	**8,529**	**15,490**

Non-executive

2017

Anchor Group Limited	Directors' fees	Total
MS Teke	328	328
AJ Adams	270	270
AP Nkuna	198	198
N Dennis	245	245
K Bissessor	162	162
	1,203	**1,203**

2016

Anchor Group Limited	Directors' fees	Total
MS Teke	476	476
AJ Adams	330	330
AP Nkuna	198	198
N Dennis	342	342
K Bissessor	210	210
	1,556	**1,556**

29. Categories of financial instruments

Categories of financial instruments - 2017

	Designated at fair value through profit and loss	Loans and receivables	Financial assets and (liabilities)at amortised cost	Non-financial assets and (liabilities)	Carrying amount
Financial assets	63,482	49,914	-	-	126,542
Non-financial assets	-	-	-	992,730	992,730
Trade and other receivables	-	8,498	61,266	-	69,764
Cash and cash equivalents	93,672	-	-	-	93,672
Amounts payable to stockbroking activities	-	251,566	-	-	251,566
Total assets	157,154	309,978	61,266	992,730	1,534,274
Financial liabilities	(56,767)	-	-	(30,036)	(86,803)
Non-financial liabilities	-	-	-	(36,670)	(36,670)
Trade and other payables	-	-	(26,800)	-	(26,800)
Amounts payable to stockbroking activities	-	(252,454)	-	-	(252,454)
	(74,808)	**(252,454)**	**(26,800)**	**(48,665)**	**(402,727)**

Categories of financial instruments - 2016

	Designated at fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost	Non-financial assets and liabilities	Carrying amount
Financial assets	91,521	-	-	-	91,521
Non-financial assets	-	-	-	580,727	580,727
Trade and other receivables	-	78,247	-	71,390	149,637
Cash and cash equivalents	78,184	-	-	-	78,184
Total assets	169,705	78,247	-	652,117	900,069
Financial liabilities	(106,020)	-	-	-	(106,020)
Non-financial liabilities	-	-	-	(16,974)	(16,974)
Trade and other payables	-	25,323	-	(49,539)	(74,862)
Total liabilities	**(106,020)**	**(25,323)**	**-**	**(66,513)**	**(197,856)**

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2017	2016

30. 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 group comprises of financial services providers and are subject to the financial services regulations. The Financial Services Board (FSB) has prescribed minimum capital requirements for financial service entities operating in South Africa. As such the group ensures ongoing compliance with these requirements.

There have been no material changes in the group's management of capital during the period.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares.

Financial risk management

The Group’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk, and interest rate risk through a combination of the nature of its operations, the financial instruments of which it is a party and the location of its operations. This note represents information about the group’s exposure to each of the above risks, the group’s objectives, policies and processes for measuring and managing risk, and the group’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Liquidity risk

The Group’s risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the Group’s financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position 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.

At 31 December 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years
AG Capital Contingent Purchase consideration	22,094	22,094	-
Methwold Contingent Purchase consideration	6,427	6,427	6,427
Standard Bank Loan	15,000	15,036	-
	43,521	**43,557**	**6,427**

At 31 December 2016	Less than 1 year	Between 1 and 2 years
AG Capital Contingent Purchase consideration	-	18,500
Portfolio Bureau Contingent Purchase consideration	13,625	-
Methwold Contingent Purchase consideration	8,000	18,344
Standard Bank Loan	15,000	30,000
	36,625	**66,844**

Interest rate risk

The Group is exposed to interest rate risk on its cash and cash equivalents, trade and other receivables and other financial assets balances due to the short term nature of the balance, and the constant movement, this is considered to be not significant. The Group’s income and operating cash flows are substantially independent of changes in market interest rates.

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2017	2016

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. 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 limited customer base with high quality credit standings. Management evaluated credit risk relating to customers on an ongoing basis.

Foreign exchange risk

The Group is exposed to Rand, Dollar, Euro, and GBP forex movements. This is through the Anchor Capital Mauritius Limited, and Capricorn Fund Managers Malta Limited entities. The Group does not hedge foreign exchange fluctuations and it reviews its foreign currency exposure, including commitments on an ongoing basis.

Market risk

The company is exposed to market risk through its investments which is carried at fair value. The fair value of the investments primarily determined by reference to the listed share prices. Movements in the listed price will impact the fair value movements of the investments.