20

TWO DECADES

AUDITED ANNUAL FINANCIAL STATEMENTS 2013

CORONATION

FUND MANAGERS

TRUST IS EARNED

CONTENTS

DIRECTORS' RESPONSIBILITY REPORT

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Coronation Fund Managers Limited, comprising the statement of financial position at 30 September 2013, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies, the directors' report and the audit and risk committee report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 71 of 2008 of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The board reviews the operation of the system of internal control primarily through the audit and risk committee of Coronation Fund Managers Limited and various other risk monitoring committees.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management, as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the group's and company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate annual financial statements of Coronation Fund Managers Limited are fairly presented in accordance with International Financial Reporting Standards and the Companies Act 71 of 2008 of South Africa.

APPROVAL OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements of Coronation Fund Managers Limited as identified in the first paragraph for the year ended 30 September 2013 set out on pages 5 to 54 were approved by the board of directors on 19 November 2013 and are signed on its behalf by:

Shams Pather
Chairman
19 November 2013

Anton Pillay
Chief executive officer
19 November 2013

DECLARATION BY THE COMPANY SECRETARY

In terms of the Companies Act 71 of 2008 (the Act), and for the year ended 30 September 2013, I certify that Coronation Fund Managers Limited has lodged all returns required by the Act with the Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

Lee-Anne Parenzee
Company secretary
19 November 2013

AUDIT AND RISK COMMITTEE REPORT

TO THE MEMBERS OF CORONATION FUND MANAGERS LIMITED

The group audit and risk committee of Coronation Fund Managers, 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 internal, operating and 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.

TERMS OF REFERENCE

The audit and risk committee has adopted a formal audit committee charter that has been updated and approved by the board of directors, and has executed its duties during the past financial year in compliance with the terms of reference.

Composition of the audit and risk committee and meeting process

The committee, chaired by Professor Alexandra Watson, an independent director, has two additional independent directors as members (Shams Pather and Jock McKenzie), one of whom is the chairman of the board. The committee met three times during the year with senior management, which included the chief executive officer, certain senior executive management, the statutory actuary, the chief financial officer, internal auditor, the group compliance officer and the risk officer.

The external and internal auditors attend these meetings and have unrestricted access to the committee and to its chairman. Ad hoc meetings are held as required.

Duties

In execution of its statutory duties during the past financial year, the audit and risk committee has:

- Ensured the appointment as external auditor of the company and its subsidiaries of a registered auditor who, in the opinion of the audit and risk committee, was independent of the company and its subsidiaries.
- Determined the fees to be paid to the external auditor and such auditor's terms of engagement.
- Ensured that the appointment of the external auditor complies with any legislation relating to the appointment of such auditors.
- Determined the nature and extent of any non-audit services which the auditor may provide to the company and its subsidiaries.
- Pre-approved any proposed contract with the auditor for the provision of non-audit services to the company and its subsidiaries.
- Considered the independence of the external auditors and has concluded that the external auditor has been independent of the company and its subsidiaries throughout the year taking into account all other non-audit services performed and circumstances known to the committee.
- Received and dealt appropriately with any complaints relating to the accounting practices and internal audit of the company and its subsidiaries, the content or auditing of its financial statements, the internal financial controls of the company and its subsidiaries, or to any related matter.
- Made submissions to the board on any matter concerning the company's accounting policies, financial control, records and reporting.

LEGAL REQUIREMENTS

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

ANNUAL FINANCIAL STATEMENTS

Following our review of the consolidated and separate annual financial statements for the year ended 30 September 2013, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act 71 of 2008 of South Africa and International Financial Reporting Standards and that they fairly present the financial position at 30 September 2013 for Coronation Fund Managers Limited and the results of operations and cash flows for the year then ended.

In compliance with requirements of the King Report on Governance for South Africa 2009, an integrated annual report has been compiled for the 2013 financial year in addition to these annual financial statements.

Alex Watson

Alexandra Watson
Chairman of the audit and risk committee

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CORONATION FUND MANAGERS LIMITED

REPORT ON THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

We have audited the consolidated and separate annual financial statements of Coronation Fund Managers Limited, as set out on pages 8 to 54, which comprise the statement of financial position as at 30 September 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Coronation Fund Managers Limited as at 30 September 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act 71 of 2008 of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 September 2013, we have read the Directors' Responsibility Report, the Declaration by the Company Secretary, the Audit and Risk Committee's Report and the Directors' Report for the purpose of identifying whether there are any material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst + Young Inc.

Ernst & Young Inc.
Malcolm Rapson
Director
Registered Auditor
Chartered Accountant (SA)
19 November 2013

DIRECTORS' REPORT

BUSINESS ACTIVITIES

Coronation Fund Managers Limited (registration number 1973/009318/07) is one of southern Africa's most successful third-party fund management companies. It is a pure fund management business which offers both individual and institutional investors access to local and global expertise across all asset classes, including specialist Global Emerging Markets and Africa units.

Clients include some of the largest retirement funds, medical schemes and multi-manager companies in South Africa, many of the major banking and insurance groups, selected investment advisory businesses, prominent independent financial advisors, high-net-worth individuals and direct unit trust accounts.

GROUP RESULTS

Coronation Fund Managers celebrates its 20th year in business with an outstanding set of results for the 12 months to 30 September 2013. The environment remained very supportive in the period under review, with equity markets around the world delivering high returns (MSCI World Index up 21% and FTSE/JSE All Share Index up 27%). Volatility was high, however, with emerging markets selling off during the third quarter of the financial year on the US Federal Reserve's announcement of possible quantitative easing tapering. These markets then rallied strongly in September when no change was made, producing 1.3% (as measured by the MSCI Emerging Markets Index) for the financial year. The rand fell 17.2% against the US dollar to close the period under review at R10.03, and 21.2% against the euro to close at R13.55.

Anchored by its unwavering commitment to investing for the long term, the business produced market-beating returns in a strong (yet highly volatile) market environment, attracting significant net inflows of R54 billion, including direct flows into international products of R17 billion. For the year ended 30 September 2013, our total assets under management grew by 45% to R492 billion (September 2012: R339 billion), including an increase in our international assets under management to R80 billion.

A combination of excellent investment performance and the substantially increased asset base led to an 84% increase in revenue to R3.6 billion for the financial year. This resulted in an increase in profit from fund management of 102% to R2 billion and diluted headline earnings per share of 110% to 416 cents (September 2012: 197.8 cents). If the effect of Secondary Tax on Companies (STC) in the 2012 financial year is removed, as a result of the introduction of Dividends Tax (DT), the increase in diluted headline earnings per share is 102%.

FINANCIAL STATEMENTS

The financial statements for the year ended 30 September 2013 have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act 71 of 2008 of South Africa.

CASH RETURNED TO SHAREHOLDERS

We continue to reward shareholders through regular and significant distributions of free cash flow generated. We endeavour to distribute at least 75% of after-tax cash profit. Dividends declared after 31 March 2012 are subject to a 15% Dividends Tax (DT), where applicable.

After considering projected cash requirements, a final gross dividend of 253 cents per share has been declared, resulting in a net dividend of 215.05 cents per share for shareholders subject to DT. Together with the interim gross dividend of 163 cents per share, this amounts to a total gross dividend of 416 cents per share for the year. No STC credits are available to be utilised.

SHAREHOLDER ANALYSIS

The shareholder analysis is presented on pages 55 and 56. The following shareholders have a beneficial ownership of more than 5% of the issued ordinary shares of the company as at 30 September 2013:

The Imvula Trust – 9.08%

Government Employees Pension Fund – 6.45%

The Gabriel Trust – 5.57%

SUBSIDIARY AND ASSOCIATE COMPANIES

Details of the principal subsidiary and associate companies are set out in note 21.

The group consolidates its 51% shareholding in Coronation Fund Managers (Botswana) Proprietary Limited.

The group equity accounts its 49% shareholding in Professional Provident Society Investments Proprietary Limited, as well as its 48.05% shareholding in Namibia Asset Management Limited.

DIRECTORS AND SECRETARY

Hugo Nelson resigned as director and chief executive officer effective 1 February 2013.

Anton Pillay was appointed as chief executive officer on 1 February 2013.

John Snalam resigned as company secretary and joined the board as an executive director with effect from 8 November 2012.

Lee-Anne Parenzee was appointed as company secretary with effect from 8 November 2012.

Profiles of directors are provided in the integrated annual report.

Details of the company secretary and the company's registered address are set out on the inside back cover of this report. The business address of the company secretary is the same as the company's registered address.

Executive directors are not employed on fixed-term contracts and have standard employment service agreements with a notice period of at least three months.

DIRECTORS' INTEREST

There were no material contracts entered into during the financial year in which a director or officer of the company had any interest.

The directors' direct and indirect beneficial interests in the issued share capital of the company were:

	Beneficial Direct	Beneficial Indirect	%
2013			
Ordinary shares			
Hugo Nelson*	**4 302 846**	**281 180**	**1.46**
Anton Pillay	**343 889**	**4 112 509**	**1.27**
John Snalam **	**513 570**	**30 956**	**0.16**
Alexandra Watson	**–**	**4 000**	**0.00**
2012			
Ordinary shares			
Hugo Nelson	4 119 136	464 391	1.46
Anton Pillay	291 666	927 743	0.39

There have been no changes in directors' interest subsequent to year-end up to the date of signing the financial statements.

The movement in the shareholding of executive directors is primarily a result of their participation in the remuneration structures of the group.

* Hugo Nelson's holdings are reflected as at the date of his resignation.
** John Snalam's holdings are reflected as at year-end.

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Emoluments for services rendered (excluding share transactions) for the year ended 30 September 2013 were as follows:

Executive directors	Salary and other benefits R'000	Bonus R'000	**Total 2013 R'000**	Restated Total 2012 R'000
Hugo Nelson*	**416**	**–**	**416**	18 733
Anton Pillay	**1 235**	**9 669**	**10 904**	7 877
John Snalam[#]	**1 132**	**1 803**	**2 935**	–
Total	**2 783**	**11 472**	**14 255**	26 610

Anton Pillay and John Snalam are the two prescribed officers of the group and company.

* Hugo Nelson's emoluments are reflected up to the date of his resignation.
[#] John Snalam's remuneration is reflected as from the date of his appointment.

In prior years, directors' bonuses were disclosed on a cash basis. In the current year they have been disclosed based on the amounts allocated to them during the year. The 2012 year figures have been restated accordingly.

The effect of the restatement is as follows:

	Effect on 2012 R'000
Hugo Nelson	4 937
Anton Pillay	3 278
Total increase in remuneration	8 215

For non-cash emoluments, refer to the share-based payments and related party notes in the annual financial statements.

Non-executive directors	Basic fee R'000	Board meetings R'000	Audit and risk committee meetings R'000	Remuneration committee meetings R'000	Transformation committee meetings R'000	**Total 2013 R'000**	Total 2012 R'000
Shams Pather	**60**	**210**	**68**	**90**		**428**	413
Alexandra Watson	**60**	**113**	**113**		**45**	**331**	307
Judith February	**60**	**113**			**60**	**233**	237
Jock McKenzie	**60**	**113**	**68**	**68**		**309**	307
Total	**240**	**549**	**249**	**158**	**105**	**1 301**	1 264

SPECIAL RESOLUTIONS

At the annual general meeting of the company held on 26 January 2013 the following special resolutions were passed:

- The directors received specific authority to allot and issue shares to the Imvula Trust in respect of the purchase price payable.
- The company was authorised to generally provide any direct or indirect financial assistance contemplated in and subject to the provisions of section 44 and 45 of the Companies Act 71 of 2008 of South Africa.
- The company's remuneration to non-executive directors in respect of the financial year ending 30 September 2013 was approved.
- The directors received general authority to repurchase up to 20% of the company's issued share capital.

EVENTS SUBSEQUENT TO THE REPORTING DATE

The final cash dividend for the 2013 financial year of R885 million (253 cents per share) is based on the actual shares in issue of 349 799 102.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Note	**2013 R million**	2012 R million
Fund management activities			
Revenue	2	**3 635**	1 975
Financial income		**30**	21
Finance and dividend income	3.1	**27**	18
Other income	4	**3**	3
Operating expenses	5	**(1 695)**	(1 016)
Share-based payment expense	6	**(6)**	(3)
Other expenses		**(1 689)**	(1 013)
Finance expense	3.2	**–**	(5)
Share of profit of equity-accounted investees	11	**5**	4
Profit from fund management		**1 975**	979
Income attributable to policyholder linked assets and investment partnerships		**88**	43
Net fair value gains on policyholder and investment partnership financial instruments	13	**133**	58
Administration expenses borne by policyholders and investors in investment partnerships	14	**(45)**	(15)
Profit before income tax		**2 063**	1 022
Income tax expense	7	**(606)**	(338)
Taxation on shareholder profits	7	**(518)**	(295)
Taxation on policyholder investment contracts	7	**(88)**	(43)
Profit for the year		**1 457**	684
Other comprehensive income (available to be recycled to profit and loss in future periods)		**24**	3
Foreign currency translation differences for foreign operations		**21**	–
Net change in fair value of available-for-sale financial assets		**4**	3
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		**(1)**	–
Total comprehensive income for the year		**1 481**	687
Profit attributable to:			
– equity holders of the company		**1 455**	684
– non-controlling interest		**2**	–
Profit for the year		**1 457**	684
Total comprehensive income attributable to:			
– equity holders of the company		**1 479**	687
– non-controlling interest		**2**	–
Total comprehensive income for the year		**1 481**	687
Earnings per share (cents)			
– basic	8	**434.0**	217.3
– diluted	8	**416.1**	197.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013

	Note	**2013 R million**	2012 R million
Assets			
Intangible assets	9	**1 088**	1 088
Equipment	10	**16**	13
Investments in equity-accounted investees	11	**34**	33
Deferred tax asset	12	**111**	6
Investments backing policyholder funds and investments held through investment partnerships	13	**70 269**	53 669
Investment securities	15.2	**175**	112
Trade and other receivables	18	**946**	321
Cash and cash equivalents		**294**	426
Total assets		**72 933**	55 668
Liabilities			
Deferred tax liabilities	12	**78**	31
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	14	**70 191**	53 639
Income tax payable		**11**	13
Trade and other payables	18	**646**	510
Total liabilities		**70 926**	54 193
Net assets		**2 007**	1 475
Equity			
Share capital and premium	17	**256**	256
Retained earnings		**1 570**	1 070
Reserves		**177**	147
Total equity attributable to equity holders of the company		**2 003**	1 473
Non-controlling interest		**4**	2
Total equity		**2 007**	1 475

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Share capital and premium R million	Foreign currency translation reserve R million
Balance at 30 September 2011	256	21
Total comprehensive income for the year		
Profit for the year		
Other comprehensive income (available to be recycled to profit and loss in future periods)		
Currency translation differences		–
Revaluation of available-for-sale financial assets		
– Net change in fair value		
Total other comprehensive income		–
Total comprehensive income for the year	–	–
Transactions with owners recorded directly in equity		
Share-based payments		
Dividends paid		
Imvula units acquired by the Imvula Trust		
Total transactions with owners	–	–
Balance at 30 September 2012	**256**	**21**
Total comprehensive income for the year		
Profit for the year		
Other comprehensive income (available to be recycled to profit and loss in future periods)		
Currency translation differences		**21**
Revaluation of available-for-sale financial assets		
– Net change in fair value		
– Reclassified to profit or loss on disposal		
Total other comprehensive income		**21**
Total comprehensive income for the year	**–**	**21**
Transactions with owners recorded directly in equity		
Share-based payments		
Dividends paid		
Distributions to Imvula Trust beneficiaries		
Total transactions with owners	**–**	**–**
Balance at 30 September 2013	**256**	**42**

Retained earnings R million	Share-based payment reserve R million	Revaluation reserve R million	Issued capital and reserves attributable to equity holders of the company R million	Non-controlling interest R million	Total equity R million
993	118	2	1 390	2	1 392
684			684	–	684
			–		–
		3	3		3
		3	3		3
		3	3		3
684	–	3	687	–	687
	3		3		3
(606)			(606)	–	(606)
(1)			(1)		(1)
(607)	3	–	(604)	–	(604)
1 070	**121**	**5**	**1 473**	**2**	**1 475**
1 455			**1 455**	**2**	**1 457**
			21		**21**
		3	**3**		**3**
		4	**4**		**4**
		(1)	**(1)**		**(1)**
		3	**24**		**24**
1 455	**–**	**3**	**1 479**	**2**	**1 481**
	6		**6**		**6**
(920)			**(920)**	**–**	**(920)**
(35)			**(35)**		**(35)**
(955)	**6**	**–**	**(949)**	**–**	**(949)**
1 570	**127**	**8**	**2 003**	**4**	**2 007**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Note	2013 R million	Restated 2012 R million
Cash flows from operating activities			
Profit from fund management for the year		**1 975**	979
Non-cash and other adjustments	22.1	**(17)**	(7)
Operating profit before changes in working capital		**1 958**	972
Working capital changes		**(489)**	70
Increase in trade and other receivables		**(625)**	(78)
Increase in trade and other payables		**136**	148
Cash flows from policyholders and investment partnerships	22.2	**5 399**	4 931
Cash generated from operations		**6 868**	5 973
Interest paid		**–**	(6)
Income taxes paid		**(626)**	(288)
Net cash from operating activities		**6 242**	5 679
Cash flows from investing activities			
Finance and dividend income	3.1	**27**	18
Acquisition of equipment		**(12)**	(5)
Acquisition of investment securities		**(56)**	(78)
Net cash from investing activities		**(41)**	(65)
Cash flows from financing activities			
Repayment of interest-bearing borrowings		**–**	(43)
Imvula units repurchased and cancelled		**–**	(1)
Dividends paid		**(955)**	(606)
Net cash from financing activities		**(955)**	(650)
Increase in cash and cash equivalents		**5 246**	4 964
Net (decrease)/increase in cash and cash equivalents – shareholders		**(153)**	33
Net increase in cash and cash equivalents – policyholders and investment partnerships		**5 399**	4 931
Cash and cash equivalents at beginning of year		**9 809**	4 845
Cash and cash equivalents at beginning of year – shareholders		**426**	393
Cash and cash equivalents at beginning of year – policyholders and investment partnerships		**9 383**	4 452
Effect of exchange rate fluctuations on cash held		**21**	–
Cash and cash equivalents at end of year		**15 076**	9 809
Cash and cash equivalents at end of year – shareholders		**294**	426
Cash and cash equivalents at end of year – policyholders and investment partnerships		**14 782**	9 383

Restatement

The above cash flows and comparatives include the policyholder and investment partnership activities which were previously excluded. These cash flows represent net contributions and withdrawals by policyholders and investment partnerships and the related investing activities. Comparative amounts have been restated accordingly. Cash and cash equivalents of policyholders and investment partnerships are not available for use by the shareholders of the group. The effect of the restatement on the financial statements is summarised in note 22.3.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Coronation Fund Managers Limited (Coronation) is incorporated in South Africa. The consolidated financial statements for the year ended 30 September 2013 include the company and its subsidiaries and the group's interest in associates. The financial statements were authorised for issue by the directors on 19 November 2013.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with IFRS and its interpretations issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act 71 of 2008 of South Africa.

BASIS OF PREPARATION

The financial statements are presented in South African rand, rounded to the nearest million. They are prepared on the going concern and historical cost basis except that the following assets and liabilities are stated at fair value: financial assets and liabilities at fair value through profit or loss and financial assets classified as available-for-sale.

The accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented with the exception of the following disclosures which have been restated:

- Directors' report: Directors' and prescribed officers' emoluments were previously reflected on a cash basis and are now reflected on an accrual basis.
- Consolidated statement of cash flows: Cash flows from policyholders and investment partnerships have been included in cash flows from operating activities. The effect of the restatement is included in note 22.
- Note 1 – Operating segments: The segmental report has been amended to reflect that the international segment now consists of internationally domiciled funds and clients as well as South African clients with international mandates. The effect of the restatement is included in note 1.

These restatements have impacted disclosure and classification only and have no impact on the reported consolidated statement of comprehensive income or the consolidated statement of financial position.

These financial statements have been prepared under the supervision of Financial Manager, A Rhoda CA(SA).

BASIS OF CONSOLIDATION

Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Potential voting rights are considered when determining control.

In the case of the company, investments in subsidiaries are carried at fair value as available-for-sale financial assets.

Special purpose entities

Special purpose entities (SPEs) established by the group are consolidated if, based on evaluation of the substance of its relationship with the group and the SPEs' risk and rewards, the group concludes that it controls the SPE.

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.

In the case of the company, investments in associates are carried at cost less impairments.

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, to the extent that there is no evidence of impairment.

FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to rand at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation, realisation or settlement are recognised in profit or loss except for differences arising on the retranslation of available-for-sale equity instruments recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to rand at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to rand at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to rand at rates approximating foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in the foreign currency translation reserve in other comprehensive income. This reserve is reclassified to profit or loss when foreign operations are disposed of.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised on the same basis as the foreign operation.

Net investment in foreign operations

Foreign exchange differences arising from the translation of the net investment in foreign operations are taken to a foreign currency translation reserve. They are reclassified into profit or loss upon disposal.

FINANCIAL INSTRUMENTS

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

Financial instruments are initially recognised at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Purchase and sale transactions in respect of financial assets that require delivery of a financial instrument within the time frame established by market convention are recorded at trade date.

Where available, market prices provide the best evidence of fair value. Where market prices are not available, the fair value is determined by using appropriate valuation techniques.

Financial assets and financial liabilities at fair value through profit or loss

Financial instruments classified as held for trading or designated as at fair value through profit or loss are initially recognised at fair value excluding transaction costs directly attributable to their acquisition which are recognised immediately in profit or loss. After initial recognition, financial assets at fair value through profit or loss are measured at fair value with resulting fair value gains or losses recognised in profit or loss. Financial instruments designated as at fair value through profit or loss are designated as such on initial recognition of the instrument and remain in this classification until derecognition. Financial instruments classified as at fair value through profit or loss includes investment contracts, linked investments, contract liabilities and linked financial assets.

All investment contracts issued by the group are designated on initial recognition as at fair value through profit or loss. This designation significantly reduces a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value since the assets held to back the investment contract liabilities are also measured at fair value.

The fair value of linked investment contract liabilities is determined based on the fair value of the associated linked financial assets and is net of the taxation payable on investment gains. Changes in the fair value of these financial instruments are recognised in profit or loss in the period in which they arise. Contributions received from policyholders and benefit payments made to policyholders are not recognised in profit or loss but are accounted for as deposits. The taxation payable is separately disclosed as part of taxation in the statement of comprehensive income.

Fair value hierarchy

Fair values are determined according to the following hierarchy based on the requirements in IFRS 7 'Financial Instruments: Disclosures':

- Level 1: quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.
- Level 2: valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.
- Level 3: valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable. The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

Held-to-maturity investments

If the group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses.

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reductions for impairment of financial assets.

Financial assets held at amortised cost comprise cash and cash equivalents, trade and other receivables and a loan receivable.

Cash and cash equivalents comprise balances held with banks that are not held for investment purposes. The carrying amount represents its fair value.

Financial assets available-for-sale

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value on the statement of financial position, with unrealised gains and losses recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on available-for-sale monetary items which are recognised in profit or loss. Cumulative realised gains and losses are reclassified to profit or loss in the period in which the asset is realised. If an available-for-sale financial asset is to be impaired, the respective cumulative losses previously recognised in equity are reclassified to profit or loss in the period in which the impairment is identified.

Financial assets available-for-sale consist of investment securities.

Impairment losses on available-for-sale equity instruments are not reversed through profit or loss once recognised in profit or loss.

Other financial liabilities

Other financial liabilities are recorded at amortised cost applying the effective interest method. These consist of bank overdraft, trade and other payables and interest-bearing borrowings.

Derecognition of financial assets and liabilities

A financial asset, or a portion thereof, is derecognised when the group's contractual rights to cash flows have expired; or when the group has transferred its rights to cash flows relating to the financial assets, in a transaction that transfers substantially all the risks and rewards associated with the financial assets.

If the group enters into a transaction whereby it retains substantially all of the risks and rewards of the assets, the assets are not derecognised.

A financial liability is derecognised when it is extinguished; that is, when the obligation is discharged, cancelled or expired.

Derivative instruments

The group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The group does not speculate in derivative financial instruments. Derivatives that do not qualify for hedge accounting are accounted for as financial instruments at fair value through profit or loss and the group has not applied hedge accounting in the current or comparative period.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset when there is both an intention to settle on a net basis or to realise the asset and settle the liability simultaneously and a legal right to offset exists.

Issued debt and equity financial instruments

The components of compound issued financial instruments are accounted for separately, with the liability component separated first at its fair value and any residual amount being allocated to the equity component.

Equity instruments include share capital and share premium. Equity instruments issued by subsidiaries of Coronation and not held by the group are recorded as non-controlling interests in the statement of financial position.

Equity instruments are initially measured at cost/considerations net of directly attributable issue costs.

Treasury shares represent issued equity of Coronation repurchased by a group company and which have not been cancelled. Treasury shares are deducted from shareholders' equity and represent the purchase consideration, including directly attributable costs. Where treasury shares are subsequently sold or reissued, net proceeds received are included in shareholders' equity.

Dividends on ordinary shares are recognised as a deduction from equity in the period in which they are declared to the shareholders.

IMPAIRMENT OF FINANCIAL ASSETS

The company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets, excluding financial assets at fair value through profit or loss, is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred that have a negative effect on the estimated future cash flows of that asset.

Assets measured at amortised cost

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through use of an allowance account. The impairment loss is recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, limited to what the carrying value would have been had no impairment loss been recognised in the past.

Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation, where relevant) and its current value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income to profit or loss. Reversals of impairment in respect of equity instruments classified as available-for-sale are recognised directly in other comprehensive income.

Reversals of impairment losses on available-for-sale debt instruments are recognised in profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

EQUIPMENT

Equipment is measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the equipment is capitalised as part of the equipment. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Depreciation is provided on the depreciable amount of each component on a straight-line basis over the estimated useful life of the component. The depreciable amount related to each component is determined as the difference between the cost and the residual value of the component. The residual value is the estimated amount, net of disposal costs that the group would currently obtain from the disposal of a component of similar age and condition as expected at the end of its useful life. The residual values, estimated useful lives and depreciation methods of equipment are reassessed at each reporting date.

The estimated depreciation rates for each class of equipment for the current and comparative periods are as follows:

– Computer equipment	33% – 50%
– Furniture and fittings	10% – 20%
– Office equipment	20%

Leasehold improvement depreciation rates are determined by reference to the appropriate useful life of its separate components, limited to the period of the operating lease.

Routine maintenance of assets is expensed as incurred. Subsequent expenditure is only capitalised if it is probable that future economic benefits associated with the item will flow to the group.

The carrying amount of an item of equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition, determined as the difference between the net disposal proceeds and the carrying amount of the item, is recognised in profit or loss when the item is derecognised.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the group assesses whether there is any indication that an asset (excluding deferred tax assets) may be impaired. The recoverable amount, being the higher of fair value less costs to sell and value in use, is determined for any asset for which an indication of impairment is identified. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the 'cash-generating unit'). An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised as an expense in profit or loss in the period in which they are identified. An impairment loss in respect of goodwill is not reversed. In respect of other assets, reversal of impairment losses is recognised in profit or loss in the period in which the reversal is identified, to the extent that the asset is not increased to a carrying value higher than it would have been had no impairment loss been recognised for the asset in prior years.

LEASES

Leases in terms of which the group as the lessee assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised in profit or loss on a straight-line basis over the term of the lease as an integral part of the total lease expense.

INTANGIBLE ASSETS AND GOODWILL

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and associates. In respect of business acquisitions that have occurred since 1 October 2005, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous SA GAAP.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the equity-accounted investee.

A gain on a bargain purchase arising on an acquisition is recognised directly in profit or loss.

Intangible assets

Intangible assets that are acquired by the group are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense as incurred.

Subsequent expenditure

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

Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite, from the date they are available for use.

Derecognition

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

EMPLOYEE BENEFITS

Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service. The accrual for employee entitlements to remuneration and annual leave represents the amount which the group has a present obligation to pay as a result of employees' services provided by the reporting date. These accruals have been calculated at undiscounted amounts based on current salary rates.

Defined contribution plans

A defined contribution plan is a benefit plan under which an entity pays fixed contributions into a separate legal entity and will have no legal or constructive obligation to pay further amounts. Contributions to defined contribution plans are recognised as an expense in profit or loss as incurred.

Share-based payment transactions with employees

The group engages in equity-settled share-based payment transactions in respect of services received from employees.

The fair value of the services received in respect of equity-settled share-based payment transactions is determined by reference to the fair value of the shares or share options on the grant date to the employee. The cost of the share-based payment is recognised as an expense, with a corresponding increase in equity, over the vesting period of the grant. The amount recognised as an expense is adjusted to reflect the actual number of instruments that are expected to vest.

The increase in equity arising on the recognition of the share-based payments expense is recorded in the share-based payments reserve. Subsequently, once the transaction which gave rise to the initial expense has reached its conclusion, the portion of the share-based payments reserve which arose as a result of that particular transaction is transferred to retained earnings.

The grant date fair value measurement is based on option pricing models, taking into account the risk-free interest rate, volatility of the underlying equity instrument, expected dividends, share price as at grant date and any market-based performance conditions attaching to the grant.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are liabilities of uncertain timing or amount, and are recognised if, as a result of a past event, the group has created a legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent assets and contingent liabilities are not recognised.

REVENUE

Revenue from fund management activities comprises fund management fees, service fees and initial charges.

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is determined by reference to services rendered in terms of the relevant agreements.

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, net of value added tax and rebates.

Financial and other income

Financial income comprises interest and dividend income. Other income comprises realised and unrealised profits and losses on disposal or gains or losses on revaluation of financial assets, realised and unrealised foreign exchange gains and losses and other sundry income.

Interest income is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date the entity's right to receive payment is established.

EXPENSES

Finance expense

Finance expense comprises interest payable on borrowings calculated using the effective interest method.

Income tax expense

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss unless the underlying transaction is recognised elsewhere, in which case the related tax is also recognised elsewhere.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary deductible and taxable differences are not provided for: initial recognition of goodwill not deductible for tax purposes; the initial recognition of assets or liabilities in a transaction that is not a business combination that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries and associates to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or different tax entities, but they intend to settle current tax assets and liabilities on a net basis or if their tax assets and liabilities will be realised simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recorded.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends – secondary tax on companies (STC) – are recognised as an expense at the same time as the liability to pay the related dividend is recognised. Deferred tax assets are recognised in respect of unutilised STC credits that are expected to be utilised in the foreseeable future.

Effective 1 April 2012, STC is no longer applicable. STC has been replaced by dividends withholding tax, which is a tax on the shareholders as opposed to the company.

EARNINGS PER SHARE

The group presents basic, diluted and headline earnings per share data for its ordinary shares. Basic earnings per share is based on profit or loss attributable to equity holders of the company, and will not include non-controllable interest, and is calculated on the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible cumulative redeemable preference shares and share options granted to employees.

Headline and diluted headline earnings per share is calculated in accordance with circular 2/2013 issued by the South African Institute of Chartered Accountants.

SEGMENT REPORTING

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. 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 a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

BLACK ECONOMIC EMPOWERMENT TRANSACTIONS

Transaction recognition criteria

In circumstances where a portion of the equity in a subsidiary company is disposed of and serves as security for the funding of the proceeds receivable, the accounting recognition of the disposal of such shares in the group financial statements is deferred until the funding, subject to the security of the equity sold, has been fully repaid.

Share-based payment transactions

The scope of IFRS 2: Share-based Payment (IFRS 2) includes the group's B-BBEE ownership initiatives in accordance with international interpretations in this regard. Where goods or services are received from black economic empowerment partners as consideration for equity instruments of the group, then these transactions are accounted for in terms of IFRS 2, even when the goods and services cannot be specifically identified.

MANAGED FUNDS AND TRUST ACTIVITIES

Certain companies within the group operate unit trusts and hold and invest funds on behalf of clients. Assets and liabilities representing such activities are not reflected on the statement of financial position, as these relate directly to clients. The values of these items are disclosed in the notes. Income from these activities is brought to account over the period to which the service relates.

KEY MANAGEMENT ASSUMPTIONS

The preparation of financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The valuation of unlisted investments is the principal area of judgement applied in the preparation of these financial statements. It is the opinion of the directors that fair value approximates carrying amount.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key areas in which judgement is applied include:

– Valuation of the share-based payment expense where inputs are based on observable market inputs, adjusted for factors that specifically apply to the transaction and recognising market volatility (refer note 6).

IFRS, AMENDMENTS AND IFRIC INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following IFRS and amendments that are relevant to the group have been issued but are not yet effective for the current financial year. The group will adopt these no later than their effective dates, to the extent that they are applicable to its activities:

- IFRS 7: *Financial Instruments: Disclosures (Amendments)*

  Effective for annual periods beginning on or after 1 January 2013

  These amendments require an entity to disclose information about the rights of set-off and related arrangements. These disclosures would provide users with information that is useful in evaluating the effect of netting off arrangements on the group's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32.

- IFRS 9: *Financial Instruments: Classification and Measurement*

  Effective for annual periods beginning on or after 1 January 2015

  The chapters regarding classification and measurement of financial instruments have been issued by the International Accounting Standards Board (IASB). This phase of the new standard will have an impact on the classification and measurement of financial assets and a change in reporting regarding financial liabilities designated at fair value through profit or loss using the fair value option.

- IFRS 10: *Consolidated Financial Statements*

  Effective for annual periods beginning on or after 1 January 2013

  IFRS 10 Consolidated Financial Statements establishes a single control model that applies to all entities (including 'special purpose entities', or 'structured entities' as they are now referred to in the new standards). The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore consolidated by a parent when compared with the requirements of IAS 27. Application of IFRS 10 will require management to review the existing group structure to assess whether control still exists for entities controlled in terms of IAS 27. Additionally, because the definition of control is wider and not just based on equity ownership, additional entities and investment vehicles may be required to be consolidated.

  Clarity was also provided in that an entity would not be required to adjust the previous accounting for its involvement with entities if the consolidation conclusion reached at the date of initial application is the same when applying IAS 27/SIC-12 and when applying IFRS 10. The group is in the process of considering the impact of IFRS 10.

- IFRS 12: *Disclosure of Interests in Other Entities*

  Effective for annual periods beginning on or after 1 January 2013

  IFRS 12: Disclosure of Interests in Other Entities includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. A number of new disclosures are also required. One of the most significant changes introduced by IFRS 12 is that an entity is now required to disclose the judgements made to determine whether it controls another entity.

- IFRS 13: *Fair Value Measurement*

  Effective for annual periods beginning on or after 1 January 2013

  By publishing IFRS 13: Fair Value Measurement, the IASB established a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The definition of fair value may have changed, but in many cases the principles for determining fair value remain unchanged. The effects of applying IFRS 13 are likely to vary by entity and, for some entities, the effects could be significant. The disclosure requirements are substantial and could present challenges for many entities.

- IAS 19: *Employee Benefits (Amended)*

  Effective for annual periods beginning on or after 1 January 2013

  Numerous changes and clarifications to IAS 19: Employee Benefits have been issued. Short and long-term benefits will now be distinguished based on the expected timing of settlement, rather than employee entitlement. The classification of the leave pay provision will need to be considered from the perspective of when the employees intend to take their leave. If leave is expected to be taken during a period after 12 months of rendering the related service, the leave benefit is another long-term employee benefit. This revised standard will thus impact how the group accounts for and discloses leave pay provisions.

- IAS 32: *Offsetting Financial Assets and Liabilities (Amended)*

  Effective for annual periods beginning on or after 1 January 2014

  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off'. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments also clarify that rights of set-off must not be contingent on a future event.

- *Annual Improvements to IFRS (issued May 2012)*

  The International Accounting Standards Board (IASB) has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle which is an omnibus of six amendments to its standards, affecting five standards. The amendments are effective for periods beginning on or after 1 January 2013. In most instances, the adoption of these amendments will result in minor revisions to accounting policies and disclosures, but will not have any significant impact on the financial position or performance of the group. Attention is drawn, however, to the improvement to IAS 1: Presentation of Financial Statements which may impact the group in the future.

1 Operating segments

Segment information is presented in respect of the group's operating segments based on geographical location. The international segment consists of internationally domiciled funds and clients as well as South African clients with international mandates.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

	Africa 2013 R million	Africa Restated 2012 R million	International 2013 R million	International Restated 2012 R million	Group 2013 R million	Group 2012 R million
1 **Geographical segments (continued)**						
Segment report						
Fund management						
Segment external revenue	**2 871**	1 598	**764**	377	**3 635**	1 975
Segment operating expenses	**(1 310)**	(844)	**(385)**	(172)	**(1 695)**	(1 016)
Share-based payment expense	**(6)**	(3)	**–**	–	**(6)**	(3)
Other expenses	**(1 304)**	(841)	**(385)**	(172)	**(1 689)**	(1 013)
Segment result	**1 561**	754	**379**	205	**1 940**	959
Segment financial income	**30**	23	**–**	(2)	**30**	21
Finance and dividend income	**27**	18	**–**	–	**27**	18
Other income/(expense)	**3**	5	**–**	(2)	**3**	3
Segment finance expense	**–**	(5)	**–**	–	**–**	(5)
Share of profit of equity-accounted investees	**5**	4	**–**	–	**5**	4
Segment income from fund management	**1 596**	776	**379**	203	**1 975**	979
Income attributable to policyholder linked assets and investment partnerships					**88**	43
Net fair value gains on policyholder and investment partnership financial instruments					**133**	58
Administration expenses borne by policyholders and investors in investment partnerships					**(45)**	(15)
Profit before income tax					**2 063**	1 022
Income tax expense					**(606)**	(338)
Taxation on shareholder profits					**(518)**	(295)
Taxation on policyholder investment contracts					**(88)**	(43)
Profit for the year					**1 457**	684
Attributable to:						
– equity holders of the company					**1 455**	684
– non-controlling interest					**2**	–
Profit for the year					**1 457**	684

	Africa		International		Group	
	2013 R million	Restated 2012 R million	**2013 R million**	Restated 2012 R million	**2013 R million**	2012 R million
1 **Geographical segments (continued)**						
Segment report (continued)						
Segment assets	**1 172**	671	**259**	201	**1 431**	872
Intangible assets					**1 088**	1 088
Investment in equity-accounted investee					**34**	33
Deferred tax asset					**111**	6
Investments backing policyholder funds and investments held through investment partnerships					**70 269**	53 669
Total assets	**1 172**	671	**259**	201	**72 933**	55 668
Segment liabilities	**592**	453	**54**	57	**646**	510
Deferred tax liabilities					**78**	31
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships					**70 191**	53 639
Income tax payable					**11**	13
Total segment liabilities	**592**	453	**54**	57	**70 926**	54 193

Major customers

None of the group's customers individually represent revenue in excess of 10% of the group's total revenue.

Restatement

Segment revenue and expenses were previously reflected on the basis of the geographical location of the investment manager. In the current financial year, the segmental report has been amended. The international segment now consists of internationally domiciled funds and clients as well as South African clients with international mandates.

Comparatives have been restated on this basis. The impact of the restatement is as follows:

	Africa 2012 R million	International 2012 R million	Group 2012 R million
Change in segmental external revenue	(45)	45	–
Change in segment operating expenses	98	(98)	–
Impact on segment income from fund management	53	(53)	–

		2013 R million	2012 R million
2	**Revenue**		
	Management, performance and service fees	**3 635**	1 975
	Revenue comprises income earned from trust and other fiduciary activities undertaken by certain entities within the group.		
3	**Finance and dividend income and expenses**		
3.1	**Finance and dividend income**		
	Finance income on available-for-sale financial assets	**6**	3
	Finance income from loans and receivables	**20**	15
	Dividend income on financial assets at fair value through profit or loss	**1**	–
		27	18
3.2	**Finance expenses**		
	Finance expense on interest-bearing borrowings	**–**	1
	Finance expense on trade and other payables	**–**	4
		–	5
4	**Other income/(expense)**		
	Profit on disposal of available-for-sale financial assets	**1**	–
	Foreign exchange losses	**(1)**	(2)
	Revaluation of financial assets at fair value through profit or loss	**3**	3
	Loss of control of subsidiary	**(1)**	–
	Other sundry gains	**1**	2
		3	3
5	**Operating expenses**		
	are stated after taking into account:		
	Auditor's remuneration: audit fees		
	– current year	**2**	2
	– prior year	**2**	1
	Auditor's remuneration: fees for other services	**1**	–
	Depreciation	**9**	7
	Distribution expenses attributable to the group	**336**	221
	Fund administration services	**86**	69
	Information technology and communication costs	**36**	29
	Marketing expenses	**48**	46
	Operating lease payments	**14**	12
	Personnel expenses (including executive directors' emoluments)		
	– salaries and incentive compensation	**1 048**	542
	– provident fund contributions	**23**	18
	– social security costs	**3**	3
	– share-based payment expense	**6**	3

Details of the directors' remuneration and their interests are disclosed in the directors' report on pages 6 to 7 and in notes 6 and 20.

Coronation retirement fund

All staff are members of a defined contribution provident fund, which is governed by the Pension Funds Act, 24 of 1956, as amended. No valuation is performed as the liability of the fund cannot exceed its assets. Other than ongoing contributions charged against income as incurred, the group has no further retirement benefit obligations.

6 Share-based payment expense

Share transactions

Coronation Investments and Trading Limited offered Coronation shares to employees of the group. The sale of shares is restricted while an employee is employed by Coronation. The compensation benefit which was required to be spread over the vesting period was approximated by the intrinsic value of the offer, being the difference between the market share price and the offer price on grant date.

1 February 2005

– Assumed employee turnover rate per annum	5%
– Number of shares	11 193 336
– Vesting period	31 January 2008 to 31 January 2010
– Closing share price on grant date (cents per share)	402
– Offer price (cents per share)	150
– Restriction on sale while employed	one third

1 April 2005

– Assumed employee turnover rate per annum	5%
– Number of shares	13 600 000
– Vesting period	15 April 2008 to 15 April 2010
– Closing share price on grant date (cents per share)	395
– Offer price (cents per share)	150
– Restriction on sale while employed	13 600 000

	2013 Number	2012 Number
Details of number of restricted shares held during the year		
At beginning of year	**24 793 336**	24 793 336
Forfeited during the year	**–**	–
Exercised during the year	**–**	–
At end of year	**24 793 336**	24 793 336

B-BBEE transaction

Coronation established the Imvula Trust to facilitate its B-BBEE transactions. On 1 April 2005, the Imvula Trust acquired 10% of Coronation Investment Management Proprietary Limited from Coronation. The acquisition consideration amounted to R147 million, based on a price per Coronation share of R3.85, and was funded by the issue of redeemable preference shares to a third party financier. The funding was guaranteed by Coronation and the Imvula Trust was consolidated into the group's financial statements.

The preference share funding was fully repaid during April 2012 and the guarantee over the debt has therefore fallen away. As a result, the accounting treatment of the disposal of the Coronation Investment Management Proprietary Limited shares was completed in April 2012 in Coronation's separate financial statements.

From the date of completion of the sale, Coronation had a right to call back the investment in Coronation Investment Management Proprietary Limited in exchange for listed Coronation shares. This "right to receive subsidiary shares" is a financial asset and was fair valued through profit or loss. Coronation exercised this right on 28 February 2013, resulting in the exchange by Coronation of the 10% stake in Coronation Investment Management Proprietary Limited against the issue of new Coronation shares to the Imvula Trust. A total of 34 979 910 new Coronation shares were issued at par value on this date. The value of the shares issued by the company has been offset at a group level as a result of the transaction being funded by the group. There is therefore no change to share premium of the group as a result of the share issue.

The Imvula Trust is no longer consolidated into the group as from 28 February 2013. The impact on the group is insignificant.

A board of trustees was established to nominate the beneficiaries of the Imvula Trust who will, upon fulfilment of certain conditions, have an interest in the underlying shares held by the Imvula Trust. Performance and service conditions impact the vesting period of the options, which ranges from three to five years. The majority of these units have been allocated to beneficiaries as at 30 September 2013.

The fair value was estimated at the date of the sale in 2005 using an option valuation model. The inputs into the model were as follows:

– Assumed employee forfeiture rate per annum	5%
– Dividend yield	6.50%
– Fair value at grant date (cents per share)	385

	2013 R million	2012 R million
6 Share-based payment expense (continued)		
Expense charged to profit or loss		
B-BBEE transaction	**6**	3
Total expense	**6**	3

Equity-based remuneration of executive directors

CIT transaction (Coronation shares)	Unvested balance 1 October 2012	Granted	Vested	Vesting date	**Unvested balance 30 September 2013**	Market value 30 September 2013 R'000
2013						
Hugo Nelson*	833 335	–	–	–	**833 335**	36 667
Anton Pillay	125 000	–	–	–	**125 000**	8 575
	Unvested balance 1 October 2011	Granted	Vested	Vesting date	Unvested balance 30 September 2012	Market value 30 September 2012 R'000
2012						
Hugo Nelson	833 335	–	–	–	833 335	25 833
Anton Pillay	125 000	–	–	–	125 000	3 875

Black economic empowerment schemes Imvula Trust (units)	Unvested balance 1 October 2012	Granted	Vested	Vesting date	**Unvested balance 30 September 2013**	Market value 30 September 2013 R'000	IFRS 2 charge R'000
2013							
Hugo Nelson*	829 983	–	(317 950)	1 October 2012	**512 033**	22 769	207
Anton Pillay	445 859	–	(251 283)	1 November 2012	**194 576**	13 496	607
	Unvested balance 1 October 2011	Granted	Vested	Vesting date	Unvested balance 30 September 2012	Market value 30 September 2012 R'000	IFRS 2 charge R'000
2012							
Hugo Nelson	1 183 887	–	(353 904)	1 October 2011	829 983	26 011	270
Anton Pillay	649 954	–	(204 095)	1 October 2011	445 859	13 973	314

* Hugo Nelson's holdings for 2013 are reflected up to the date of his resignation.

		2013 R million	2012 R million
7	**Income tax expense**		
	Taxation on shareholder profits		
	Current tax		
	South Africa		
	– current tax on income for the year	564	217
	– adjustments in respect of prior years	(2)	3
	Other		
	– current tax on income for the year	59	37
	– adjustments in respect of prior years	2	1
		623	258
	Secondary tax on companies	–	35
	Total current tax	623	293
	Deferred tax		
	South Africa	(100)	2
	– origination and reversal of temporary difference	(100)	2
	International	(5)	–
	Total deferred tax	(105)	2
	Taxation on shareholder profits	518	295
	Taxation on policyholder investment contracts	88	43
	Income tax expense	606	338
	The rates of corporation tax for the relevant years are:		
	South Africa	28%	28%
	International (average)	19%	26%
	Profit from fund management before tax	1 975	979
	Taxation on shareholder profits	518	295
	Effective tax rate	26%	30%

	2013 R million	2012 R million
7 Income tax expense (continued)		
Reconciliation of taxation on shareholder profits		
The tax charge is different to the standard rate as detailed below:		
Tax on profit from fund management before tax, at SA rate of 28%	553	274
Effect of tax rates in foreign jurisdictions	(41)	(22)
Share-based payment expense	2	1
Secondary tax on companies	–	35
Non-deductible expenses	7	4
Tax exempt income	(1)	–
Under provided in prior years	–	4
Effect of equity-accounted profits included net of tax	(2)	(1)
Taxation on shareholder profits	518	295
Tax on policyholder investment contracts		
Current tax		
South Africa		
– current tax on income for the year	41	31
Deferred tax		
South Africa	47	12
Tax on policyholder investment contracts	88	43
Income tax expense	606	338

8 Earnings per share

Basic earnings per share (cents)	Cents	Cents
Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted number of ordinary shares in issue during the year.	434.0	217.3

	Number	Number
Issued ordinary shares at beginning of year	314 819 192	314 819 192
Effect of shares issued	20 508 769	–
Weighted average number of ordinary shares in issue during the year	335 327 961	314 819 192
Weighted average number of shares resulting from future dilutive ordinary shares arising from the black economic empowerment transaction	14 434 003	34 797 797
Adjusted weighted number of ordinary shares potentially in issue	349 761 964	349 616 989

	R million	R million
Earnings attributable to shareholders	1 457	684
Non-controlling interest	(2)	–
Earnings attributable to ordinary shareholders	1 455	684

	2013 Cents	2012 Cents
8 Earnings per share (continued)		
Diluted earnings per share (cents)		
Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares potentially in issue.	**416.1**	197.8
	R million	R million
Earnings attributable to shareholders	**1 455**	684
Interest on loan to Imvula Capital	**–**	1
Secondary tax on companies on Imvula preference shares	**–**	6
Diluted earnings attributable to ordinary shareholders	**1 455**	691

Headline earnings per share (cents)

Headline earnings per share has been calculated in accordance with circular 2/2013 issued by the South African Institute of Chartered Accountants

	Profit before tax R million	Tax R million	Non-controlling interest R million	Earnings attributable to ordinary shareholders R million	Per share Cents
2013					
Per the financial statements	**2 063**	**(606)**	**(2)**	**1 455**	**434.0**
Adjustments:					
– Profit on disposal of financial assets available for sale	**(1)**	**–**	**–**	**(1)**	**(0.4)**
– Loss on loss of control of subsidiary	**1**	**–**	**–**	**1**	**0.3**
Headline earnings	**2 063**	**(606)**	**(2)**	**1 455**	**433.9**
Diluted headline earnings per share (cents)				**1 455**	**416.0**
2012					
Per the financial statements	1 022	(338)	–	684	217.3
Adjustments	–	–	–	–	–
Headline earnings	1 022	(338)	–	684	217.3
Diluted headline earnings per share (cents)				691	197.8

Dividends per share relating to profit for the year:	**2013 Cents**	2012 Cents
Dividend distribution		
– interim: declared 14 May 2013 (2012: 15 May 2012)	**163**	95
– final: declared 12 November 2013 (2012: 13 November 2012)	**253**	111
Total dividend	**416**	206

	2013 R million	2012 R million
9 Intangible assets and goodwill		
Goodwill (cost)	**1 088**	1 088
Total	**1 088**	1 088

For the purposes of impairment testing, goodwill is considered in aggregate based on the cash-generating units of the group's fund management operations being Coronation Fund Managers Limited. The impairment tests were based on fair value less costs to sell, which is evidenced by way of reference to the traded share prices and the cash-generating ability of Coronation Fund Managers Limited.

10 Equipment	Computer equipment R million	Furniture and fittings R million	Office equipment R million	Leasehold improvements R million	Total R million
2013					
Cost					
At beginning of year	**34**	**12**	**7**	**2**	**55**
Additions	**9**	**1**	**2**	**–**	**12**
At end of year	**43**	**13**	**9**	**2**	**67**
Accumulated depreciation					
At beginning of year	**(28)**	**(8)**	**(5)**	**(1)**	**(42)**
Depreciation	**(5)**	**(2)**	**(1)**	**(1)**	**(9)**
At end of year	**(33)**	**(10)**	**(6)**	**(2)**	**(51)**
Net carrying value – 2013	**10**	**3**	**3**	**–**	**16**
2012					
Cost					
At beginning of year	30	12	5	2	49
Additions	4	–	2	–	6
At end of year	34	12	7	2	55
Accumulated depreciation					
At beginning of year	(24)	(6)	(4)	(1)	(35)
Depreciation	(4)	(2)	(1)	–	(7)
At end of year	(28)	(8)	(5)	(1)	(42)
Net carrying value – 2012	6	4	2	1	13

	2013 R million	2012 R million
11 Investment in equity-accounted investees		
Analysis of the movement in our share of net assets:		
At beginning of year	**33**	31
Share of profit from equity-accounted investee	**5**	4
Dividends received	**(4)**	(2)
At end of year	**34**	33

Summary financial information of equity-accounted investees:

2013	Country	Ownership %	Assets R million	Liabilities R million	(Accumulated deficit)/ Equity R million	Revenues R million	Profit R million
Professional Provident Society Investments Proprietary Limited	South Africa	**49**	**24**	**37**	**(13)**	**44**	**3**
Namibia Asset Management Limited	Namibia	**48.05**	**16**	**5**	**11**	**34**	**5**

2012	Country	Ownership %	Assets R million	Liabilities R million	(Accumulated deficit)/ Equity R million	Revenues R million	Profit R million
Professional Provident Society Investments Proprietary Limited	South Africa	49	17	33	(16)	33	1
Namibia Asset Management Limited	Namibia	48.05	15	5	10	22	4

Professional Provident Society Investments Proprietary Limited

The group's cumulative unrecognised share of losses amounts to R13 million at year end (2012: R16 million).
The financial year-end for Professional Provident Society Investments Proprietary Limited is 31 December.

	Assets		Liabilities		Net	
	2013 R million	2012 R million	**2013 R million**	2012 R million	**2013 R million**	2012 R million
12 Deferred tax						
Deferred tax assets and liabilities are attributable to the following:						
Employee benefits	**111**	6	**–**	–	**111**	6
Unrealised fair value adjustments on financial assets						
– shareholders	**–**	–	**–**	(1)	**–**	(1)
– policyholders	**–**	–	**(78)**	(30)	**(78)**	(30)
Net deferred tax assets/liabilities	**111**	6	**(78)**	(31)	**33**	(25)

Movement in temporary differences during the year	**Balance 2012 R million**	**Recognised in profit or loss R million**	**Balance 2013 R million**
Employee benefits	**6**	**105**	**111**
Unrealised fair value adjustments on financial assets	**(31)**	**(47)**	**(78)**
	(25)	**58**	**33**

	Balance 2011 R million	Recognised in profit or loss R million	Balance 2012 R million
Employee benefits	8	(2)	6
Unrealised fair value adjustments on financial assets	(19)	(12)	(31)
	(11)	(14)	(25)

	2013 R million	2012 R million
13 Investments backing policyholder funds and investments held through investment partnerships		
Net fair value gains on policyholder and investment partnership financial instruments		
Investment income	2 859	1 918
Realised and unrealised gains on financial assets	9 902	5 218
Increase in liabilities to policyholders and holders of redeemable interests in investment partnerships	(12 628)	(7 078)
	133	58
Policyholder and investment partnership investments		
Equities	25 717	19 120
Mining	4 134	3 059
Banks, insurance and financial services	4 138	3 128
Industrial, retail and other sectors	17 315	12 796
Unlisted investments	130	137
Derivative financial instruments	18	17
Real estate funds and property loan stock companies	2 818	2 112
Interest-bearing stocks, debentures and other loans	16 160	14 776
Deposits at financial institutions	14 782	9 383
Domestic unit trusts	1 437	881
Mutual funds	8 741	4 926
International equities	–	187
International bonds	236	1 840
Trade and other receivables	372	383
Trade and other payables	(306)	(386)
	69 975	53 239
Investments at book value	64 288	50 047
Unrealised investment gains	5 687	3 192
Partnership trade receivables	294	430
Balance at end of year	70 269	53 669
Comprising:		
Investments backing policyholder funds	64 090	50 619
Investments held through investment partnerships	6 179	3 050
	70 269	53 669

Trade and other receivables and trade payables relate to unsettled trades at the reporting date.

	2013 R million	2012 R million
14 Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships		
Movement in financial liability:		
Balance at beginning of year	52 245	30 873
	21 302	26 389
Contributions from policyholders and investors	18 443	24 471
Investment income	2 859	1 918
	(15 096)	(10 235)
Withdrawals by policyholders and investors	(14 963)	(10 177)
Operating expenses	(45)	(15)
Taxation on policyholder investment contracts	(88)	(43)

	2013 R million	2012 R million
14 Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships (continued)		
Realised and unrealised net fair value gains on investments designated at fair value through profit or loss backing policyholder funds and holders of interest in investment partnerships	**9 902**	5 218
Balance at end of year	**68 353**	52 245
Trade payables	**202**	275
Short positions	**1 636**	1 119
Deferred tax	**78**	30
Balance at end of year	**70 269**	53 669
Comprising:		
Liability to policyholders in respect of investment contracts	**64 012**	50 589
Liability to holders of redeemable interests in investment partnerships	**6 179**	3 050
Deferred tax liabilities	**78**	30
	70 269	53 669

The amount of cash placed as collateral in respect of borrowings amounts to R144 million (2012: R244 million). This amount is recognised as a receivable by the investment partnerships. In addition to this, the investment partnerships have placed scrip as collateral amounting to R1.4 billion (2012: R831 million). This collateral relates to the short sale transaction.

Policyholder liabilities are payable on demand. Trade payables relate to costs incurred on behalf of policyholders.

15 Financial assets and financial liabilities

15.1 Accounting classifications and fair values

The table below sets out the group's classification of each class of financial assets and financial liabilities, and their fair values.

R million	Note	Designated at fair value through profit or loss	Loans and receivables	Available-for-sale	Financial liabilities at amortised cost	Carrying amount	Fair value
2013							
Cash and cash equivalents		**–**	**294**	**–**	**–**	**294**	**294**
Trade and other receivables		**–**	**946**	**–**	**–**	**946**	**946**
Investments backing policyholder funds	13	**64 090**	**–**	**–**	**–**	**64 090**	**64 090**
Investments held through investment partnerships	13	**6 179**	**–**	**–**	**–**	**6 179**	**6 179**
Investment securities	15.2	**–**	**–**	**175**	**–**	**175**	**175**
		70 269	**1 240**	**175**	**–**	**71 684**	**71 684**
Trade and other payables		**–**	**–**	**–**	**646**	**646**	**646**
Liability to policyholders in respect of investment contracts		**64 012**	**–**	**–**	**–**	**64 012**	**64 012**
Liability to holders of redeemable interest in investment partnerships		**6 179**	**–**	**–**	**–**	**6 179**	**6 179**
		70 191	**–**	**–**	**646**	**70 837**	**70 837**

15 Financial assets and financial liabilities (continued)

15.1 Accounting classifications and fair values (continued)

R million	Note	Designated at fair value through profit or loss	Loans and receivables	Available-for-sale	Financial liabilities at amortised cost	Carrying amount	Fair value
2012							
Cash and cash equivalents		–	426	–	–	426	426
Trade and other receivables		–	321	–	–	321	321
Investments backing policyholder funds	13	50 619	–	–	–	50 619	50 619
Investments held through investment partnerships	13	3 050	–	–	–	3 050	3 050
Investment securities	15.2	–	–	112	–	112	112
		53 669	747	112	–	54 528	54 528
Trade and other payables		–	–	–	510	510	510
Liability to policyholders in respect of investment contracts		50 589	–	–	–	50 589	50 589
Liability to holders of redeemable interests in investment partnerships		3 050	–	–	–	3 050	3 050
Interest-bearing borrowing		–	–	–	–	–	–
		53 639	–	–	510	54 149	54 149

	2013 R million	2012 R million
15.2 Investment securities		
Financial assets available-for-sale		
– Mutual funds and unit trusts	**175**	112
16 Interest-bearing borrowing		
Balance at beginning of year	**–**	43
Capital repayment	**–**	(43)
	–	–

The borrowing was in respect of the group's B-BBEE transaction.

The loan was repaid on 26 April 2012.

Subsidiaries

Coronation Life Assurance Company Limited is restricted in its ability to borrow in that borrowings require approval of the Registrar of Insurance, in terms of the South African Long-term Insurance Act, 52 of 1998.

	2013 R million	2012 R million
17 Share capital		
Authorised		
750 000 000 (2012: 750 000 000) ordinary shares of 0.01 (2012: 0.01) cent per share	**75**	75
Issued, allotted and fully paid	**Number**	Number
Number of ordinary shares		
At beginning of year	**314 819 192**	314 819 192
Issued during the year (refer note 6)	**34 979 910**	–
At end of year	**349 799 102**	314 819 192
	R million	R million
Share capital and premium	**256**	256

Unissued shares

Unissued shares are under the control of the directors until the forthcoming annual general meeting.

18 Financial risk disclosures

The group is exposed to market risk, credit risk, liquidity risk, price risk, interest rate risk and currency 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.

Risk management and control are integral to the governance of the group as more fully explained in the integrated report.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the audit and risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the board of directors on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The group audit and risk committee is responsible for monitoring compliance with the group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the group. The group audit and risk committee is assisted in these functions by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit and risk committee.

The market and credit risk associated with the financial assets held to back investment contract liabilities issued by a group company is borne in its entirety by policyholders. The liquidity risk associated with the company being contractually obligated to repay policyholders on demand, is managed through the investment composition of assets included in the policyholder portfolios and by contract with the policyholders. Such contracts mitigate the liquidity risk faced by the company and passes this on to policyholders in the ordinary course of business and in the event that substantial withdrawals require large scale disinvestment of the assets in these portfolios. The investment composition at 30 September is provided in note 13.

The assets held through limited liability investment partnerships which the group is deemed to control and which are therefore consolidated, are held to back the investors' interests in these partnerships. The financial assets within these investment partnerships are subject to a variety of financial risks, all of which are borne by the investors into these partnerships. Fluctuations in the values of these assets directly impact the carrying value of the group's financial liabilities to the holders of redeemable interests in these partnerships. By virtue of the fact that these investment partnerships are permitted in terms of their investment mandates to use leverage in their investment strategies and the fact that certain companies in the group are the general partner to these partnerships, exposes the group to the residual risk of any shortfall in the net assets of the partnerships – refer note 13. This risk is considered remote and a financial loss to the group would require the limited partners or investors into these partnerships to lose all of the capital they have contributed, together with investment returns earned.

As explained above, the group's exposure to financial risk arising from these financial assets and liabilities is negligible and these financial instruments are therefore excluded from the analysis presented below.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial assets which are subject to credit risk consist principally of cash and receivables and the group's interest in mutual funds and unit trusts. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the group.

At the reporting date, the majority of cash and cash equivalents were held with one financial institution. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

18 **Financial risk disclosures (continued)**

Credit risk (continued)

At the reporting date, the group's financial assets exposed to credit risk amounted to the following:

	Carrying amount	
	2013	2012
	R million	R million
Trade and other receivables	**946**	321
Cash and cash equivalents	**294**	426
	1 240	747

The ageing of trade and other receivables at the reporting date was:

Not past due	**540**	297
Past due 0 – 30 days	**55**	12
Past due 31 – 120 days	**348**	9
Past due 121 – 365 days	**3**	3
Total	**946**	321

None of the trade receivables are considered to be impaired. Trade and other receivables have not been discounted as the impact of discounting is considered to be insignificant.

Trade and other receivables comprise fees receivable.

Capital adequacy

The group comprises financial services providers. As such the various operating entities in the group are subject to the financial services regulations in the jurisdictions in which they operate.

These are as follows:
– South Africa – Financial Services Board of South Africa (FSB)
– United Kingdom – Financial Conduct Authority (FCA)
– Ireland – Ireland Financial Services Regulatory Authority (IFSRA)

All of these bodies have prescribed minimum capital requirements for financial service entities operating in their jurisdiction. As such, the group ensures ongoing compliance with these requirements.

Capital adequacy is ensured by means of compliance with the regulations set out above. All operating entities have complied with all externally imposed capital requirements throughout the period. There have been no material changes in the group's management of capital during the period.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Amount due to policyholders is the fair value of the underlying assets, and the amount at which these assets are realised will be paid to policyholders.

18 Financial risk disclosures (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

R million	Carrying	Contractual	6 months or less	6 – 12 months
30 September 2013				
Non-derivative financial liabilities				
Trade and other payables	**646**	**(646)**	**(646)**	**–**
	646	**(646)**	**(646)**	**–**
30 September 2012				
Non-derivative financial liabilities				
Trade and other payables	510	(510)	(510)	–
	510	(510)	(510)	–

Trade and other payables relate to operating expenses incurred in the ordinary course of business.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

The revenues and profit generation of the group are linked to the value of assets under management. Movements in equity markets and interest rates, currency exchange rates and commodity prices that adversely affect the value of assets under management will impact the group's revenues and reported profits. In the event that performance benchmarks are not met, the group may be exposed to underperformance rebates. The group manages this risk through its structured investment process. The value of assets under management at the reporting date is as follows:

	2013 R billion	2012 R billion
Assets under management		
Fair value of assets under management – by geographical region		
Africa	**412**	302
International	**80**	37
	492	339

The group earned an average revenue margin of 79 basis points on assets under management.

18 Financial risk disclosures (continued)

Interest rate risk

The following table provides an analysis of the financial assets and liabilities of the group and indicates those categories that are interest sensitive and their contractual maturities.

R million	Total	1 year or less	1 – 5 years	Non-interest-bearing
2013				
Assets				
Trade and other receivables	**946**	**–**	**–**	**946**
Cash and cash equivalents	**294**	**294**	**–**	**–**
	1 240	**294**	**–**	**946**
Liabilities				
Interest-bearing borrowing	**–**	**–**	**–**	**–**
Trade and other payables	**646**	**–**	**–**	**646**
	646	**–**	**–**	**646**
2012				
Assets				
Trade and other receivables	321	–	–	321
Cash and cash equivalents	426	426	–	–
	747	426	–	321
Liabilities				
Trade and other payables	510	–	–	510
	510	–	–	510

South African cash balances earn interest at a rate of prime minus 4.5% per annum. Overdraft balances incur interest at a rate of prime minus 1.7% per annum. Foreign cash balances earn negligible interest rates.

Price risk

The group is exposed to other price risks in respect of its investments in mutual funds and unit trusts as per note 15.

18 Financial risk disclosures (continued)

Foreign currency risk

In respect of other monetary assets and liabilities held in currencies other than the rand, the group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The following currency profile analyses the group's financial assets and liabilities according to the currencies in which they are held at 30 September 2013. The totals are then expressed in the equivalent rand amount (in millions).

2013 **Currency**	ZAR	PULA	EUR	GBP	USD	Total
Exchange rate	1.0000	1.1723	13.5938	16.2580	10.0458	
Assets						
Trade and other receivables	**860**	**6**	**2**	**3**	**75**	**946**
Cash and cash equivalents	**138**	**9**	**18**	**64**	**65**	**294**
	998	**15**	**20**	**67**	**140**	**1 240**
Liabilities						
Trade and other payables	**597**	**2**	**1**	**22**	**24**	**646**
	597	**2**	**1**	**22**	**24**	**646**

2012 Currency	ZAR	PULA	EUR	GBP	USD	Total
Exchange rate	1.0000	1.0877	10.6737	13.3909	8.2903	
Assets						
Trade and other receivables	289	4	4	2	22	321
Cash and cash equivalents	289	4	2	4	127	426
	578	8	6	6	149	747
Liabilities						
Trade and other payables	460	4	2	19	25	510
	460	4	2	19	25	510

18 **Financial risk disclosures (continued)**

Foreign currency risk (continued)

Sensitivity analysis

A 10% strengthening of the rand against the following currencies at 30 September 2013 would have increased/(decreased) equity and profit or loss by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

R million	Equity	Profit or loss
2013		
PULA	**–**	**(1)**
EUR	**–**	**(2)**
GBP	**–**	**(4)**
USD	**(3)**	**(12)**
2012		
PULA	–	–
EUR	–	–
GBP	–	1
USD	(4)	(12)

A 10% weakening of the rand against the above currencies at 30 September 2013 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain the same.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The majority of Level 2 investments are deposits held with financial institutions for which the fair value is determined using a discounted cash flow valuation methodology based on market rates.

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

R million	Level 1	Level 2	Level 3	Total
2013				
Investments backing policyholder funds and investments held through investment partnerships	**52 355**	**12 660**	**–**	**65 015**
Investment securities	**154**	**–**	**21**	**175**
	52 509	**12 660**	**21**	**65 190**
Policyholder and investment partnership liabilities	**50 752**	**12 548**	**–**	**63 300**
2012				
Investments backing policyholder funds and investments held through investment partnerships	43 956	7 382	–	51 338
Investment securities	102	–	10	112
	44 058	7 382	10	51 450
Policyholder and investment partnership liabilities	42 864	7 325	–	50 189

During the financial year ended 30 September 2013 there were no transfers of financial assets available-for-sale between the levels.

Level 3 investments which arose during the current year have not been valued and are carried at cost. No gain or loss has been recognised.

Cash balances of R5 084 million (2012: R1 983 million) have been excluded from Level 1 in the current and prior years respectively.

	2013 R million	2012 R million
19 Commitments and contingent liabilities		
Operating lease commitments		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	**12**	11
Between one and five years	**29**	27
More than five years	**2**	3

Future sublease payments expected to be received under non-cancellable subleases amount to R4 million as at 30 September 2013.

At 30 September 2013, the group was obligated under a number of operating leases for properties, computer equipment and office equipment for which the future minimum lease payments extend over a number of years. The annual escalation clauses range between 7% and 11% per annum.

Guarantees

Coronation Investment Management Proprietary Limited and Coronation Asset Management Proprietary Limited, are the disclosed partners in the Coronation Granite Fixed Income, the Coronation Multi-Strategy Arbitrage, Coronation Presidio and Coronation Enhanced Income Fund Limited Liability partnerships. As the disclosed partners, they are liable to third parties for all the liabilities of the partnership over and above the capital contributions, and future income which accrues to the partners as well as the retained and current profits and assets of the partnerships. The other partners have no further liability for further contributions, or to incur any liability to any third party over and above their contributions. A register of guarantees is kept at the registered office of the company. Based on current performance the probability of payment is insignificant.

All portfolio risk inherent within the investment partnerships is managed within the general risk parameters and controls as set out in the Risk Management and Control section of the group's integrated report.

The group has also committed to investing R50 million in the Trinitas Private Equity Partnership, of which R21.5 million had already been invested at the reporting date.

20 Related parties

Identity of related parties

The group has related party relationships with its subsidiaries, associates and with its key management personnel.

Transactions with key management personnel

Key management personnel is defined as the board of directors, executive committee, directors of subsidiary companies and senior management of Coronation. There were no material transactions with key management personnel or their families during the current or previous year other than normal remuneration for employee services and personal investments.

Key management compensation

	2013 R million	2012 R million
Short-term remuneration	**188**	161
Long-term remuneration	**278**	73
Share-based payment	**1**	1
Total	**467**	235

Key management compensation excludes fees paid to non-executive directors for services rendered as directors. Fees paid to non-executive directors are disclosed on page 7.

20 Related parties (continued)

Other related party balances at year-end

Directors' interest in share capital and directors' emoluments (refer directors' report)

Loans from related parties (refer note 21)

Share transactions with employees and Coronation Investments and Trading Limited (refer note 6)

Deferred bonuses	2013 R million	2012 R million
Executive directors		
Hugo Nelson*	**14**	13
Anton Pillay	**6**	5
John Snalam**	**1**	–
	21	18

Directors' payments include deferred bonuses from prior years that have vested in the current year. The deferred bonuses were invested in a combination of Coronation shares and Coronation unit trusts in previous years. In the current year, directors' disclosed deferred bonus payments have been enhanced by significant gains that have been achieved in the mark to market of those investments.

* Hugo Nelson's remuneration is reflected up to the date of his resignation.
** John Snalam's remuneration is reflected as from the date of his appointment.

21 Principal subsidiary and associate companies

The following represent the subsidiary and associate companies of Coronation:

Company (% of equity capital held)	Country of incorporation	Functional currency	Issued share capital	Indebtedness by/(to) 2013 R million	Indebtedness by/(to) 2012 R million
Coronation Fund Managers Limited					
100 Coronation Investment Management Proprietary Limited	South Africa	ZAR	100	**–**	–
100 Coronation Asset Management Proprietary Limited	South Africa	ZAR	250 000	**(154)**	(152)
100 Coronation Management Company (RF) Proprietary Limited	South Africa	ZAR	2 000 000	**–**	–
100 Coronation Life Assurance Company Limited	South Africa	ZAR	300	**–**	–
100 CFM (Isle of Man) Limited	British Virgin Islands	USD	20 000	**–**	–
100 Coronation International Limited	United Kingdom	GBP	1 000 002	**–**	–
100 Coronation Global Fund Managers (Ireland) Limited	Ireland	USD	136 538	**–**	–

21 Principal subsidiary and associate companies (continued)

Company (% of equity capital held)		Country of incorporation	Functional currency	Issued share capital	Indebtedness by/(to) 2013 R million	Indebtedness by/(to) 2012 R million
100	Coronation Investment Services Proprietary Limited	South Africa	ZAR	10	–	–
51	Coronation Fund Managers (Botswana) Proprietary Limited (Investment management company)	Botswana	PULA	2 000 000	–	–
48.05	Namibia Asset Management Limited	Namibia	NAD	2 000 000	–	–
49	Professional Provident Society Investments Proprietary Limited	South Africa	ZAR	100	**21**	21
*	Imvula Trust	South Africa	ZAR		–	(147)

All transactions with related parties occur on an arm's length basis. All balances other than the amount owing from Professional Provident Society Investments Proprietary Limited are interest-free, unsecured and repayable on demand.

Intercompany loans arise as a result of transactions such as dividend payments and other cash requirements of the various group entities as cash management is conducted on a group basis.

The group has no equity interest in the following entities, which are consolidated based on control:
– Coronation Granite Fixed Income Fund Partnership
– Coronation Multi-Strategy Arbitrage Fund Partnership
– Coronation Presidio Fund Partnership
* – Imvula Trust (consolidated until 28 February 2013)
– Imvula Capital (consolidated until 28 February 2013)
– Coronation Enhanced Income Fund Partnership (consolidated from 1 July 2013)

22 Notes to the consolidated statement of cash flows

	2013 R million	Restated 2012 R million
22.1 Non-cash and other adjustments		
Depreciation	**9**	7
Finance expense	–	5
Finance and dividend income	**(27)**	(18)
Profit on disposal of available-for-sale financial assets	**(1)**	–
Revaluation of financial assets at fair value through profit or loss	**(3)**	(3)
Share of profit of equity-accounted investees	**(5)**	(4)
Dividend from equity-accounted investees	**4**	3
Share-based payment expense	**6**	3
Total	**(17)**	(7)

Comparatives have been restated as described in note 22.3.

	2013 R million	Restated 2012 R million
22.2 Cash flows from policyholder activities		
Investment income	**2 859**	1 918
Realised and unrealised gains	**9 902**	5 218
Tax expense	**(88)**	(43)
Operating expenses	**(45)**	(15)
Profit after taxation	**12 628**	7 078
Non-cash adjustments	**(5 280)**	(3 033)
Unrealised gains	**(5 368)**	(3 076)
Tax expense	**88**	43
Tax paid	**(41)**	(31)
Working capital changes	**(4)**	(73)
Decrease/(increase) in trade and other receivables	**150**	(300)
(Decrease)/increase in trade and other payables	**(154)**	227
Net cash flow from operating activities	**7 303**	3 941
Contributions from policyholders and investors	**18 443**	24 471
Withdrawals from policyholders and investors	**(14 963)**	(10 177)
Net cash flow from financing activities	**3 480**	14 294
Net purchases of investments	**(5 384)**	(13 304)
Net cash from investing activities	**(5 384)**	(13 304)
Cash flows from policyholder and investment partnership activities	**5 399**	4 931

22.3 Effect of restatement	Note	Effect on 2012 R million
The effect of including the cash flows of policyholders and investment partnership activities in the consolidated statement of cash flows was:		
Decrease in profit from fund management for the year		(43)
Decrease in non-cash and other adjustments	22.1	11
Increase in cash flows from policyholders and investment partnerships	22.2	4 931
Decrease in income taxes paid		32
Net cash from operating activities		4 931
Increase in cash and cash equivalents – policyholders and investment partnerships		4 931
Cash and cash equivalents at beginning of year – policyholders and investment partnerships		4 452
Cash and cash equivalents at end of year (note 13 – deposits at financial institutions)	13	9 383

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Note	2013 R million	2012 R million
Dividend income from subsidiaries		**959**	707
Gain on revaluation of right to receive subsidiary shares		**510**	63
Operating expenses		**(3)**	(3)
Finance expense – Imvula Trust	b	**(39)**	(64)
Income before tax		**1 427**	703
Income tax expense	c	**–**	(29)
Profit for the year		**1 427**	674
Other comprehensive income (available to be recycled to profit and loss in future periods)			
Net change in fair value of financial assets available-for-sale		**13 727**	3 400
Total comprehensive income for the year		**15 154**	4 074

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013

	Note	2013 R million	2012 R million
Assets			
Investment in subsidiary	d	**23 996**	8 783
Right to receive subsidiary shares	i	**–**	976
Total assets		**23 996**	9 759
Liabilities			
Liability to Imvula Trust	e	**–**	147
Loan from group company	f	**154**	152
Total liabilities		**154**	299
Net assets		**23 842**	9 460
Equity			
Share capital and premium	g	**905**	757
Retained earnings		**1 270**	763
Revaluation reserve		**21 667**	7 940
Total equity		**23 842**	9 460

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Share capital and premium R million	Retained earnings R million	Revaluation reserve R million	Total equity R million
Balance at 30 September 2011	757	678	4 540	5 975
Total comprehensive income for the year				
Profit for the year	–	674	–	674
Other comprehensive income (available to be recycled to profit and loss in future periods)				
Revaluation of financial assets available-for-sale	–	–	3 400	3 400
Total comprehensive income for the period	–	674	3 400	4 074
Transactions with owners recorded directly to equity				
Dividends paid	–	(589)	–	(589)
Shares issued	–	–	–	–
Total transactions with owners	–	(589)	–	(589)
Balance at 30 September 2012	**757**	**763**	**7 940**	**9 460**
Total comprehensive income for the year				
Profit for the year	**–**	**1 427**	**–**	**1 427**
Other comprehensive income (available to be recycled to profit and loss in future periods)				
Revaluation of financial assets available-for-sale	**–**	**–**	**13 727**	**13 727**
Total comprehensive income for the period	**–**	**1 427**	**13 727**	**15 154**
Transactions with owners recorded directly to equity				
Dividends paid	**–**	**(920)**	**–**	**(920)**
Shares issued	**148**	**–**	**–**	**148**
Total transactions with owners	**148**	**(920)**	**–**	**(772)**
Balance at 30 September 2013	**905**	**1 270**	**21 667**	**23 842**

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	2013 R million	2012 R million
Cash flows from operating activities		
Profit for the year	**1 427**	674
Non-cash and other adjustments	**(470)**	30
Income tax expense	**–**	29
Interest paid	**39**	64
Loss on issue of shares	**1**	–
Profit from derivative instrument	**(510)**	(63)
Operating profit before changes in working capital	**957**	704
Working capital changes	**2**	(22)
Increase in amount due from group company	**–**	749
Increase/(decrease) in trade payables and loan from group company	**2**	(771)
Cash generated from operations	**959**	682
Interest paid	**(39)**	(64)
Income taxes paid	**–**	(29)
Net cash from operating activities	**920**	589
Cash flows from investing activities	**–**	–
Cash flows from financing activities	**(920)**	(589)
Shares issued	**–**	–
Dividends paid	**(920)**	(589)
Net increase/(decrease) in cash and cash equivalents	**–**	–
Cash and cash equivalents at beginning of year	**–**	–
Cash and cash equivalents at end of year	**–**	–

a **Accounting policies**

Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the IASB together with the Companies Act 71 of 2008 in South Africa.

Basis of preparation

The financial statements are presented in South African rand, rounded to the nearest million. They are prepared on the going concern and historic cost basis except that the following assets and liabilities are stated at fair value: financial assets designated at fair value through profit or loss and financial assets classified as available for sale.

The accounting policies set out on pages 13 to 21 have been applied consistently to all periods presented in these financial statements.

		2013 R million	2012 R million
b	**Finance expense**		
	Finance expense on interest-bearing borrowings	39	64
		39	64
c	**Income tax expense**		
	Current tax		
	South Africa		
	– current tax on income for the year	–	–
	– adjustments in respect of prior years	–	–
		–	–
	Secondary tax on companies	–	29
	Total income tax expense	–	29
	The standard rate of corporation tax for the year is:	28%	28%
	Profit before tax	1 427	703
	Tax on profit	–	29
	Effective tax rate	0%	4%
	The tax charge for the year is different to the standard rate as detailed below:		
	Tax on profit before tax, at SA rate of 28%	400	197
	Secondary tax on companies	–	29
	Non-deductible expenses	12	19
	Tax exempt revenues	(412)	(216)
	Total income tax expense for the year	–	29

	2013 R million	2012 R million
d Investment in group companies		
Investment in subsidiary		
Unlisted shares – at cost	**1 756**	1 756
– reclassified as right to receive subsidiary shares	**(913)**	(913)
– reclassified as investment in subsidiary	**1 486**	–
– revaluation adjustment	**21 667**	7 940
Investment in subsidiary at market value	**23 996**	8 783

During the current year, Coronation completed the accounting for its B-BBEE transaction with the Imvula Trust. Refer to note 6 for further details.

	2013 R million	2012 R million
e Liability to Imvula Trust		
The Imvula Trust	**–**	147

The liability to the Imvula Trust is the result of the company's participation in the group's B-BBEE transaction. This liability has been settled by the issue of Coronation shares.

Refer to note 6 in the group annual financial statements for further details.

f Loan from group companies

These loans are unsecured, not subject to interest and payable or repayable on demand.

g Share capital

The company's share capital and details of shares issued are detailed in note 17 of the group accounts.

h Related parties

Details of related parties are disclosed in notes 20 and 21 to the consolidated financial statements.

i Right to receive subsidiary shares

On 26 April 2012 the funding of the Imvula B-BBEE transaction was fully repaid and Coronation's guarantee of this funding was cancelled. As a result, Coronation completed the accounting for the sale of the Coronation Investment Management Proprietary Limited shares to the Imvula Trust at this date.

In terms of the agreement between Coronation and the Imvula Trust, Coronation had at the same date a right to call back the Coronation Investment Management Proprietary Limited shares at fair value and issue Coronation shares to the Trust.

Coronation recognised this "right to receive subsidiary shares" as a financial asset carried at fair value through profit or loss.

The change in the fair value of the subsidiary shares has been recognised in profit or loss.

The call option between Coronation and Imvula Trust is governed by a call option agreement, of which the key terms and conditions are:
– option period of five years commencing 26 April 2012
– valuation method based on the market value of Coronation shares

Coronation exercised this option during the current year and received the Coronation Investment Management Proprietary Limited shares.

Refer to note 6 in the group annual financial statements for further details.

j Price risk

The company is exposed to price risk through its investment in subsidiary which is carried at fair value. The fair value of the investment in subsidiary and the right to receive subsidiary shares is primarily determined by reference to the listed share price of Coronation Fund Managers Limited shares. Movements in the listed price will impact the fair value movements of the investment in subsidiary recorded through other comprehensive income and the fair value movements of the right to receive subsidiary shares recorded in the profit or loss.

A reasonable possible change of 10% (2012: 10%), in the quoted price of Coronation Fund Managers Limited shares, with other variables held constant, could lead to the following increase or decrease in fair values:

– R2.4 billion (2012: R878 million) in the fair value of the investment in subsidiary with the corresponding movement in other comprehensive income
– 2012: R98 million in the fair value of the right to receive subsidiary shares with the corresponding movement in profit or loss.

k Liquidity risk

The liability to the Imvula Trust (note e) was settled in the current financial year. Refer to note 6 of the group annual financial statements for further details.

ANALYSIS OF SHAREHOLDERS

AS AT 30 SEPTEMBER 2013

Distribution of shareholders	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	4 935	40.93	2 461 105	0.70
1 001 – 10 000 shares	5 757	47.75	20 240 081	5.79
10 001 – 100 000 shares	1 118	9.27	32 593 348	9.32
100 001 – 1 000 000 shares	189	1.57	64 395 534	18.41
1 000 001 shares and over	58	0.48	230 109 034	65.78
	12 057	100.00	349 799 102	100.00

Distribution of shareholders	Number of shareholders	%	Number of shares	%
Banks	94	0.78	63 280 099	18.09
Brokers	35	0.29	7 555 907	2.16
Close corporations	122	1.01	884 471	0.25
Endowment funds	41	0.34	855 424	0.24
Hedge funds	2	0.02	748 899	0.21
Individuals	9 270	76.88	57 156 275	16.35
Insurance companies	46	0.38	5 659 816	1.62
Investment companies	16	0.13	1 856 036	0.53
Medical aid schemes	7	0.06	169 278	0.05
Mutual funds	225	1.87	56 481 356	16.15
Nominees and trusts	1 594	13.22	27 284 090	7.80
Other corporations	88	0.73	741 927	0.21
Pension funds	113	0.94	31 475 425	9.00
Private companies	202	1.68	7 371 811	2.11
Public companies	13	0.11	716 918	0.20
Staff holdings	187	1.55	87 090 232	24.90
Sovereign wealth funds	2	0.02	471 138	0.13
	12 057	100.00	349 799 102	100.00

Non-public/public shareholders	Number of shareholders	%	Number of shares	%
Non-public shareholders				
	187	1.55	87 090 232	24.90
Directors*	6	0.05	8 885 535	2.54
Shares held by staff	181	1.50	78 204 697	22.36
Public shareholders	11 870	98.45	262 708 870	75.10
	12 057	100.00	349 799 102	100.00

* *Includes directors of subsidiary companies.*

ANALYSIS OF SHAREHOLDERS
FOR THE YEAR ENDED 30 SEPTEMBER 2013 CONTINUED

Geographical ownership	Number of shareholders	%	Number of shares	%
South Africa	11 727	97.26	274 774 199	78.55
International	330	2.74	75 024 903	21.45
	12 057	100.00	349 799 102	100.00

Shareholders with beneficial interest of 5% or more in shares	Number of shares	%
The Imvula Trust	31 774 043	9.08
Government Employees Pension Fund	22 569 969	6.45
The Gabriel Trust	19 500 000	5.57

GLOSSARY OF FINANCIAL REPORTING TERMS

GROUP STRUCTURES

Company	A legal business entity registered in terms of the applicable legislation of that country.
Entity	Coronation Fund Managers Limited, a subsidiary or associate.
Equity-accounted investee	An entity, other than a subsidiary or joint venture, in which the group has significant influence over the financial and operating policies.
Group	Coronation Fund Managers Limited and its subsidiaries and associate.
Operation	A component of the group that: – represents a separate major line of business or geographical area of operation; and – can be distinguished separately for financial and operating purposes.
Subsidiary	Any entity over which the group has control.

GENERAL ACCOUNTING TERMS

Acquisition date of a business	The date on which control in respect of subsidiaries and significant influence in respect of associates commences.
Consolidated financial statements	The financial results of the group which comprise the financial results of Coronation Fund Managers Limited and its subsidiaries and its interests in associates.
Control	The ability, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefit from its activities. When assessing the ability to control an entity, the existence and effect of potential voting rights that are presently exercisable or convertible are taken into account.
Disposal date	The date on which the control in respect of subsidiaries and significant influence in respect of associates ceases.
Fair value	The value for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.
Financial results	Comprise the financial position (assets, liabilities and equity), financial performance (revenue and expenses) and cash flows of the group or an entity within the group.
Functional currency	The currency of the primary economic environment in which the entity operates.
Long term	A period longer than twelve months from reporting date.
Other comprehensive income	Comprises items of income and expenses (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other IFRSs.
Presentation currency	The currency in which the financial statements are presented.
Reclassification	Amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous period.
Recoverable amount	The amount that reflects the greater of the fair value less costs to sell and value in use that can be attributed to a non-financial asset as a result of its ongoing use by the entity. In determining the value in use, expected pre-tax future cash flows are discounted to their present values using the appropriate discount rate.

Related parties	The following entities or parties are considered related parties to the reporting entity: – a subsidiary, fellow subsidiary, associate, jointly controlled entity or an entity having joint control in relation to the reporting entity; – key management personnel and their close members of family and entities which they control, jointly control or over which they exercise significant influence; and – post-employment benefit plan for the benefit of employees of the entity or any related party.
Significant influence	The ability, directly or indirectly, to participate in, but not exercise control over, the financial and operating policy decisions of an entity. Significant influence is presumed to exist when the group holds between 20% and 50% of the voting powers of another entity.

FINANCIAL INSTRUMENT TERMS

Available-for-sale financial assets	A non-derivative financial asset that is designated as available-for-sale or is not classified as: – a loan or receivable; – a held-to-maturity investment; or – a financial asset at fair value through profit or loss.
Cash and cash equivalents	Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.
Derivative instrument	A financial instrument: – whose value changes in response to movements in a specified interest rate, commodity price, instrument price, foreign exchange rate or similar variable, provided in the case of a non-financial variable that the variable is not specific to a party of the contract; – that requires minimal initial net investment; and – is settled at a future date.
Effective interest rate	The rate that discounts the expected future cash flows to the net carrying amount of the financial asset or financial liability.
Equity instrument	Any financial instrument (including investments) that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities.
Financial asset	Cash or cash equivalents, a right to receive cash or cash equivalents, an equity instrument of another entity, a right to exchange a financial instrument under favourable conditions.
Financial guarantee contract	A contract that requires the issuer to make specified payments to reimburse the holder for the loss it incurs, because a specified debtor fails to make payment when due in accordance with the original or modified terms of the debt instrument.
Financial liability	A contractual obligation to pay cash or transfer other benefits or an obligation to exchange a financial instrument under unfavourable conditions.

Financial instruments classified as held for trading	Derivatives or instruments that are held principally with the intention of short-term disposal.
Financial assets and liabilities at fair value through profit or loss	Financial instruments held at fair value through profit or loss include all instruments classified as held for trading and those instruments designated as held at fair value through profit or loss on initial recognition.
Financial instruments issued by the group classified as financial liabilities	Financial instruments issued by the group are classified as liabilities if they contain a contractual obligation to transfer cash or another financial asset or to exchange financial assets or liabilities under potentially unfavourable conditions.
Financial instruments issued by the group classified as equity	Financial instruments issued by the group are classified as equity where they confer on the holder a residual interest in the net assets of the group.
Held-to-maturity investments	Non-derivative financial assets, with a fixed maturity and fixed or determinable future payments, that the entity has the positive intent and ability to hold to maturity, other than those designated upon initial recognition as at fair value through profit or loss, those designated as available-for-sale and those that meet the definition of loans and receivables.
Loans and receivables	Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and exclude: – those that the group intends to trade in, which are classified as held for trading, and those that the group designates as at fair value through profit or loss; – those that the group designates as available-for-sale; and – those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.
Monetary asset	Units of currency held or an asset which will be received in a fixed or determinable amount of money.
Monetary liability	A liability which will be settled in a fixed or easily determinable amount of money.
Special purpose entity	An entity created to accomplish a narrow and well-defined objective.
Transaction date	The date when the entity becomes a party to the contractual provisions of an instrument.

SHAREHOLDERS' DIARY AND CORPORATE INFORMATION

Annual general meeting	Thursday 16 January 2014 at 10:00
Share code (ordinary shares): CML	ISIN number: ZAE000047353

BOARD OF DIRECTORS

Shams Pather (independent non-executive chairman)	
Hugo Nelson (chief executive officer)	Resigned 1 February 2013
Judith February	
Jock McKenzie	
Alexandra Watson	
Anton Pillay (chief executive officer)	Appointed as chief executive officer on 1 February 2013
John Snalam (chief financial officer)	Appointed 8 November 2012

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
70 Marshall Street
Johannesburg 2001

POSTAL ADDRESS

PO Box 61051
Marshalltown 2107

COMPANY SECRETARY

Lee-Anne Parenzee	Appointed 8 November 2012
John Snalam	Resigned 8 November 2012

REGISTERED OFFICE

7th Floor, MontClare Place
Cnr Campground and Main Roads
Claremont 7708
Cape Town

POSTAL ADDRESS

PO Box 44684
Claremont 7735
Cape Town

AUDITORS

Ernst & Young Inc.
35 Lower Long Street
Cape Town 8001

POSTAL ADDRESS

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Cape Town 8000

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