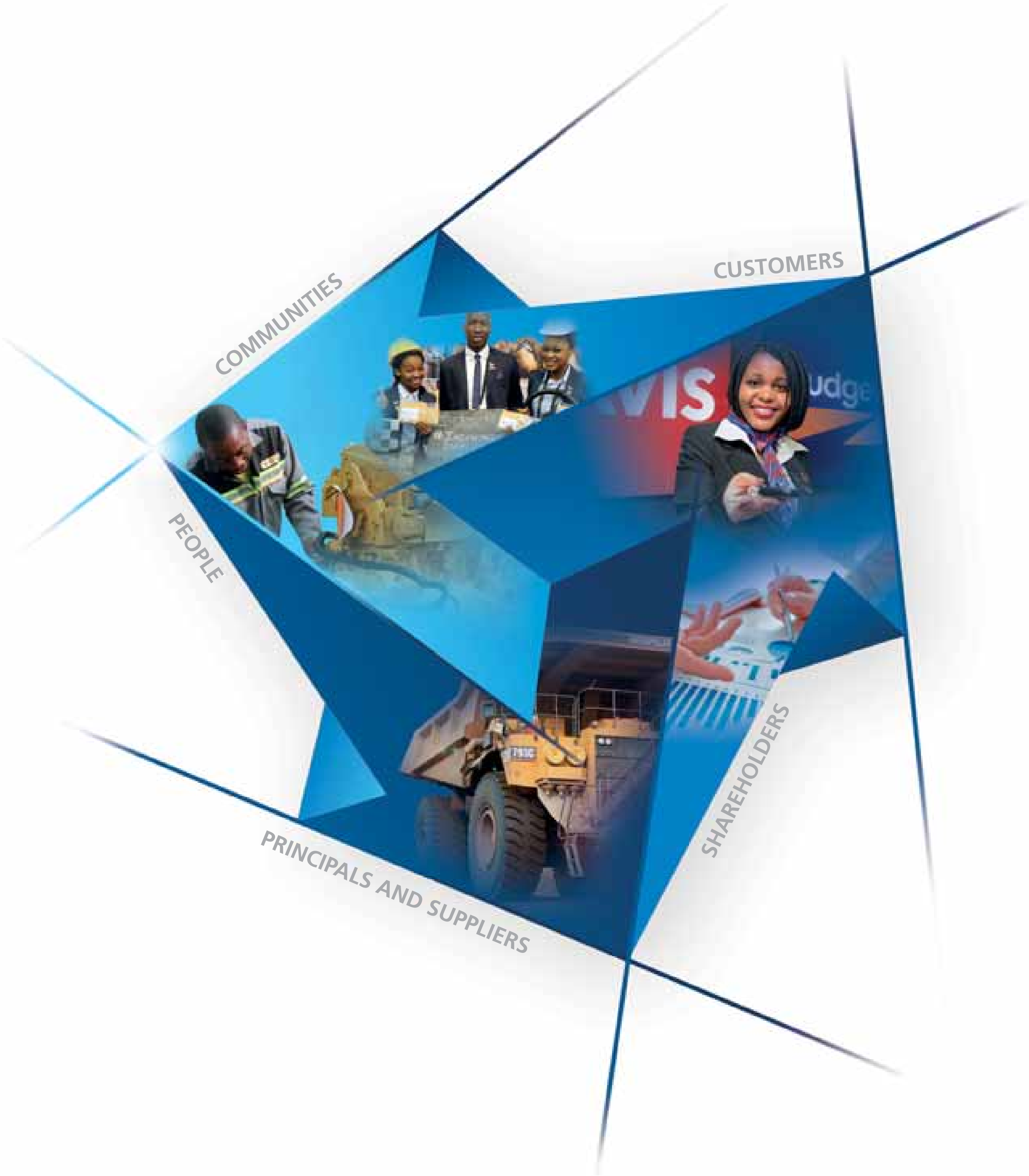
Barloworld
Leading brands

Creating shared value for sustainable outcomes



Consolidated Financial Statements 2016

About Barloworld

Nature of business and principal activities

Barloworld is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. The core divisions of the group comprise Equipment and Handling (earthmoving, power systems, materials handling and agriculture), Automotive and Logistics (car rental, motor retail, fleet management services, used vehicles and disposal solutions, logistics management and supply chain optimisation). We offer flexible, value adding, innovative business solutions to our customers backed by leading global brands. The brands we represent on behalf of our principals include Caterpillar, Hyster, Avis Budget, Audi, BMW, Ford, General Motors, Jaguar Land Rover, Mazda, Mercedes-Benz, Toyota, Volkswagen, Massey Ferguson and others.

Barloworld has a proven track record of long-term relationships with global principals and customers. We have an ability to develop and grow businesses in multiple geographies including challenging territories with high growth prospects.

One of our core competencies is an ability to leverage systems and best practices across our chosen business segments. As an organisation we are committed to sustainable development and playing a leading role in diversity and inclusion.

The company was founded in 1902 and currently has operations in over 20 countries around the world with 78% of over 20 000 employees in South Africa.

General information

Country of incorporation and domicile

Republic of South Africa

Directors

DB Ntsebeza (chairman)
CB Thomson
PJ Blackbeard
PJ Bulterman
NP Dongwana
FNO Edozien
AGK Hamilton*
A Landia**
SS Mkhabela
B Ngonyama
SS Ntsaluba
SB Pfeiffer
DM Sewela
OI Shongwe
DG Wilson

* *Retired with effect from 3 February 2016.*
** *Resigned with effect from 31 December 2015.*

Company secretary

LP Manaka

Prescribed officers

PK Rankin
V Salzmann

Registered office

180 Katherine Street
Sandton
2146

Postal address

PO Box 782248
Sandton
2146

Auditors

Deloitte & Touche

Company registration number

1918/000095/06

Preparer of annual financial statements

SY Moodley CA(SA)

Contents

Finance director's review

Revenue for the year increased by R3.8 billion (6.1%) to R66.5 billion with the bulk of the improvement in automotive and logistics which showed increases of R2.7 billion (9.5%) and R1.2 billion (28%) respectively. Revenue in Equipment Russia was up by 17.5% in Dollar terms while Equipment Iberia was down in Euro terms. Rand revenues for both regions benefited from translation gains. In Equipment southern Africa revenue decreased by R1.8 billion (8.7%). This was partially offset by the benefits of the weaker Rand in operations outside South Africa. The weaker Rand favourably impacted total revenue by R2.7 billion.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) was up by 3% to R6 674 million with depreciation and amortisation up by 2.2%.

Operating profit (excluding the B-BBEE charges) rose by 3.5% to R4 135 million with the operating margin down slightly to 6.2%. In Equipment southern Africa, operating profit was down by 16.3% with reductions in mining capital expenditure and production cutbacks negatively affecting both equipment and aftersales demand. Equipment Russia traded well ahead of the prior year, due to higher mining equipment and aftersales demand. Equipment Iberia operating profit was down on last year.

Automotive produced a record result with operating profit up 8.2% to R1 654 million. A marginal decline in the Avis Fleet business was offset by improved profits in Motor Trading and Car Rental.

Logistics generated an operating profit of R223 million which was 40% ahead of the prior year.

The total net negative fair value adjustments on financial instruments of R209 million (2015: R198 million) mainly relates to the cost of forward points on foreign exchange contracts and translation losses on monetary assets and liabilities in Equipment southern Africa and Handling. This was off-set by some gains on forward cover contracts in Equipment southern Africa.

Finance costs increased by R94 million to R1 346 million. This is mainly due to higher interest rates in South Africa.

Profits from non-operating and capital items of R120 million includes profits on sale of the Logistics Supply Chain software business (R63.4 million), a R15 million profit on sale of the Agriculture Zambia business and a foreign currency release in respect of an offshore subsidiary. This has been partially off-set by the impairments of goodwill in Avis Fleet Tanzania and the investment in Energyst.

The taxation charge increased by R1 million to R809 million while the effective taxation rate for the period (excluding prior year taxation and taxation on non-operating and capital items) was 27.4% (2015: 37.1%). The current year charge was negatively impacted by local tax relating to forex gains in the local currency accounts. The prior year rate was negatively impacted by the IAS 12.41 deferred tax charges arising from the depreciation of the Rouble in Equipment Russia, as well as local currency depreciation against the Dollar in Angola, Zambia and Mozambique.

Income from associates and joint ventures is significantly down on the prior period reflecting a loss of R25 million for the year compared to income of R287 million last year, mainly attributable to the decline in profits from the equipment associates in the DRC and Europe. This swing of R312 million has materially impacted the net profit and earnings for the year.

Finance director's review continued

Headline earnings per share (HEPS) (excluding the B-BBEE transaction) was down by 9% to 838 cents compared to the 926 cents of last year, mainly as a result of the decrease of 148 cents per share arising from reduced associate earnings.

Basic earnings per share (EPS) of 891 cents is 10.1% higher than last year's comparable of 809 cents.

Cash flow

Cash generated from operations was strong increasing to R7.8 billion from the R1.1 billion generated in 2015. Working capital decreased by R2.1 billion, mainly in Equipment southern Africa and Equipment Russia. This was significantly down on the absorption last year of R3.4 billion. Equipment southern Africa produced a reduction in working capital of R1.7 billion and Equipment Russia a reduction of R0.4 billion.

Cash applied to the investment in property, plant and equipment together with subsidiaries and intangibles of R1 436 million includes net acquisitions in the Automotive and Logistics divisions of R639 million. In addition a further R339 million ($25 million) was invested in Angolan US$ linked bonds as protection against currency devaluation. The total investment in Angolan US$ linked government bonds at September was $51 million.

Summarised cash flow statement	2016 Rm	2015 Rm
Operating cash flows before working capital	**7 161**	7 094
Movement in working capital	**2 119**	(3 370)
Net investment in leasing assets and vehicle rental fleet	**(1 453)**	(2 601)
Cash generated by operations	**7 827**	1 123
Other net cash flows	**(2 112)**	(1 947)
Dividends paid	**(772)**	(814)
Net cash retained from/(utilised in) operating activities	**4 943**	(1 638)
Net cash used in investing activities	**(1 436)**	(1 826)
Net cash inflow/(outflow)	**3 507**	(3 464)

The net cash inflow before financing activities for the year of R3 507 million was R6 971 million better than the R3 464 million outflow at September 2015.

Financial position

Total assets employed in the group reduced by R2.1 billion (4.4%) to R46 billion compared to September 2015. The bulk of the reduction was driven by a reduction in inventories and receivables in Equipment southern Africa and Russia while the weaker Rand added R340 million to the total assets. Assets held for sale comprise mainly the assets of the South African Handing and Agriculture businesses which are to be sold into a joint venture.

Total interest-bearing debt at 30 September 2016 dropped strongly by R2.1 billion to R11 billion (September 2015: R13.1 billion) while cash and cash equivalents increased to R3 billion (September 2015: R2.4 billion). Net interest-bearing debt at 30 September 2016 of R8 billion was R2.7 billion down on September 2015 (R10.7 billion).

The UK pension scheme deficit increased from R1.9 billion (£93 million) to R2.8 billion (£161 million) primarily as a result of a 1.5% reduction in the AA corporate bond yield which significantly impacted the future pension liability. This reduction in the yield resulted from market moves which were further adversely impacted by the Brexit vote in the year.

Debt

Debt maturity profile	Borrowings September	Redemption				
	2016 Rm	2017 Rm	2018 Rm	2019 Rm	2020 Rm	2021 onwards Rm
Southern Africa	**10 432**	2 303	1 231	2 831	1 912	2 155
Offshore	**612**	362	241	7	2	
Total	**11 044**	2 665	1 472	2 838	1 914	2 155

Finance director's review continued

In October 2015, the company settled the R750 million BAW2 bond and in February 2016 the R200 million BAW15 bond matured and was settled from available facilities utilising its available banking facilities. In December 2015 the company issued an unsecured seven-year bond (BAW22) totalling R253 million, and in January 2016 the company issued a R500 million unlisted note (BAW23U), the proceeds of which were used to redeem the unlisted BAW20U. In September 2016, the company issued a three-year bond (BAW24) totalling R501 million. The proceeds of this was used to settle the R614 million BAW10 which matured on 30 September 2016. These bonds were issued under our existing South African Domestic Medium Term Note programme.

During the 2016 financial year the group finalised a new three-year revolving credit facility for R700 million and an evergreen facility for R650 million that will continue indefinitely subject to an 18-month notice period to exit the facility.

South African short-term debt includes commercial paper totalling R807 million (September 2015: R861 million). While this market has remained active, liquidity and spreads have been negatively impacted by interest rate uncertainty. We expect to maintain our participation in this market to the extent permitted by overall liquidity in the market.

Cash and cash equivalents at September of R3.0 billion included $37.5 million (R516 million) held in local currency in Angola of which $15.8 million is held in a captive account to support foreign currency allocations and $16.2 million is required to fund local operating expenses.

At 30 September the group had unutilised borrowing facilities of R9.6 billion, of which R7.2 billion was committed. The group's ratio of long-term to short-term debt improved to 76%:24% (September 2015: 68%:32%).

Moody's Investors Services assigned a long-term and short-term issuer Global Scale Rating of Baa3 and P-3 and long-term and short-term issuer National Scale Rating of Aa3.za and P-1.za in June 2016. The outlook on the ratings is stable. The new credit rating implies that any new bonds issued would now qualify as level 2A High Quality Liquid Assets (HQLAs) which should make Barloworld paper more attractive to banks, which are required to hold a certain level of HQLAs to meet their liquidity coverage ratio targets.

The group's total debt-to-equity ratio at 30 September 2016 was 56% (September 2015: 67%), while group net debt to equity improved to 41% (September 2015: 55%).

Gearing in the three segments are as follows:

Debt to equity (%)	**Trading**	**Leasing**	**Car Rental**	**Group total debt**	**Group net debt**
Target range	30 – 50	600 – 800	200 – 300		
Ratio at 30 September 2016	**29**	**720**	**216**	**56**	**41**
Ratio at 30 September 2015	43	668	211	67	55

Shareholder value creation

The group utilises an integrated financial value model (IFVM) to drive returns on assets and guide decisions on the deployment of capital. This approach has seen the group divest from underperforming assets over the last few years and redeploy this capital in assets earning higher returns.

Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The basis is consistent with the prior year except for the reclassification of the interest-bearing floor plan facilities provided to motor retail dealerships by the vehicle manufacturers to acquire inventories. The change in disclosure of the interest-bearing floor plan from borrowings to payables reflects the nature of the transactions and is in line with current industry disclosures.

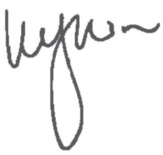
Barloworld's results for the year ended 30 September 2015 were restated to reflect changes in disclosure of the interest-bearing floor plan facilities.

Dividend

Dividends totalling 345 cents per share were declared in respect of this year's earnings (2015: 345 cents). All issued shares are entitled to receive dividends. The dividends declared this year are covered 2.4 times by headline earnings (2015: 2.6 times).

2017 outlook

The group will continue to work on improving margins while containing its cost base. This is particularly relevant in our Equipment businesses in southern Africa and Iberia which are generating returns below target. The group will further continue to focus on generating positive free cash flow in 2017 and trimming the asset base to improve returns. We will also proactively take steps for the early refinancing of debt that is maturing within the next 18 months ensuring the group is well placed to fund growth opportunities that may arise.



DG Wilson
Finance director

18 November 2016

Directors' responsibility and approval

The directors of Barloworld Limited have the pleasure of presenting the consolidated financial statements for the year ended 30 September 2016.

In terms of the South African Companies Act 71 of 2008 the directors are required to prepare the consolidated financial statements that fairly present the state of affairs and business of the group at the end of the financial year, and of the profit or loss for that year. To achieve the highest standards of financial reporting, these consolidated financial statements have been drawn up to comply with International Financial Reporting Standards.

On the recommendation by the audit committee, the directors considered and are satisfied that the internal controls, systems and procedures in operation provide reasonable assurance that all assets are safeguarded, that transactions are properly executed and recorded, and that the possibility of material loss or misstatement is minimised. The directors have reviewed the appropriateness of the accounting policies, and concluded that estimates and judgements are prudent. They are of the opinion that the annual financial statements fairly present in all material respects the state of affairs and business of the group at 30 September 2016 and of the profit for the year to that date. The external auditors, who have unrestricted access to all records and information, as well as to the audit committee, concur with this statement.

In addition, the directors have also reviewed the cash flow forecast for the year to 30 September 2017 and believe that the Barloworld group has adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis and the external auditors concur.

The consolidated financial statements were approved by the board of directors and were signed on their behalf by:

DB Ntsebeza
Chairman

CB Thomson
Chief executive

DG Wilson
Finance director

Sandton
18 November 2016

Preparer of financial statements

for the year ended 30 September 2016

These financial statements have been prepared under the supervision of SY Moodley BCom, CA(SA), ACMA.

SY Moodley
Group general manager: finance

18 November 2016

Independent auditors' report

To the shareholders of Barloworld Limited

Report on the financial statements

We have audited the consolidated financial statements of Barloworld Limited set out on pages 11 to 89, which comprise the statement of financial position as at 30 September 2016, 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 financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 management, as well as evaluating the overall presentation of the consolidated 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 financial statements present fairly, in all material respects, the financial position of Barloworld Limited as at 30 September 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated financial statements for the year ended 30 September 2016, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated 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 financial statements. However, we have not audited these reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche in its various formations has been the auditor of Barloworld Limited for a collective of 98 years.

Deloitte & Touche

Deloitte & Touche
Registered auditor

Per: Bongisipho Nyembe
Partner

18 November 2016

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

A full list of partners and directors is available on request.

**Partner and Registered Auditor.*

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

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

Certificate by secretary

for the year ended 30 September 2016

In my capacity as the company secretary, I hereby certify that, to the best of my knowledge and belief, Barloworld Limited has lodged with the Registrar of Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act 71 of 2008 (as amended). Further, I certify that such returns and notices are true, correct and up to date.

LP Manaka
Company secretary

Sandton
18 November 2016

Audit committee report

for the year ended 30 September 2016

The audit committee conducted its work in accordance with the written terms of reference approved by the board (information on this is recorded in the corporate governance report) and is pleased to present its report in terms of the Companies Act and the Listings Requirements of the JSE for the financial year ended 30 September 2016.

The committee is satisfied that it has performed both the statutory requirements for an audit committee as set out in the Companies Act as well as the functions set out in the terms of reference, and that it has therefore complied with its legal, regulatory and other responsibilities.

External audit

The committee

- Nominated and recommended to shareholders Deloitte & Touche as independent external auditors and the appointment of Mr B Nyembe as the independent designated auditor for the financial year ending 30 September 2017 in compliance with the Companies Act and the Listings Requirements of the JSE Limited
- Nominated Deloitte & Touche as independent external auditors and the designated audit partner for Barloworld's subsidiary companies
- Considered and confirmed the proposed external audit fees for each division and the group in consultation with group management and approved the external audit engagement letter
- Reviewed and approved the policy for non-audit services that can be provided by external auditors and the pre-approval authorisation process for these services that the external auditors may provide
- Considered to its satisfaction the independence, objectivity and effectiveness of the external auditors and ensured that the scope of their additional (non-audit) services provided were not such that they could be seen to have impaired their independence.

Internal control and internal audit

The committee

- Reviewed the appropriateness of the internal audit charter and recommended the approval of the charter to the board
- Approved the one-year operational internal audit work plan as well as the capacity and resources within the internal audit function to execute its work plan and monitored adherence of internal audit to its annual plan
- Monitored and supervised the functioning and performance of internal audit, compliance with its charter and reviewed and approved the annual risk-based audit plans, resources and budgets
- Reviewed the appropriateness of the company's combined assurance model to ensure that the significant risks identified in the high-level risk assessments are adequately addressed
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes as well as their concerns arising out of their audits and requested appropriate responses from management
- Reviewed the results of the financial control management self-assessments as contained in the Barloworld internal control matrix which is completed in respect of all business units and operations in the Barloworld group
- Reviewed and evaluated the nature and extent of the documented review of internal financial controls performed by internal audit and evaluated whether any weaknesses identified in such financial controls were considered sufficiently material to be reported to the board
- Reviewed the report prepared by internal audit regarding the risk management process in the company and the level of embeddedness of such processes within each operating division
- Reviewed the group information security policy and the results of the internal self-assessments of the levels of control in place across the group
- Reviewed the results of divisional and business unit disaster recovery self-assessments, the testing of such plans and the internal audit review of such disaster recovery plans
- Reviewed the performance and confirmed the suitability and expertise of the group head of internal audit Ms A Masemola; and considered the appropriateness of the expertise and adequacy of the resources of the group's internal audit function.

Based on the results of the formal documented review of the group's system of internal controls and risk management conducted by internal audit function during 2016 year and having given due consideration to the results of assurance activities of various assurance providers including considering information and explanations given by management and discussions with the external auditor on the results of the audit, nothing has come to the attention of the committee that caused it to believe that the company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

Expertise and experience of finance director and the finance function

The committee

- Reviewed the performance and confirmed the suitability and expertise of the group finance director, Mr DG Wilson
- Considered the appropriateness of the expertise, diversity and adequacy of resources of the group's financial function and the experience of the senior members of management responsible for the financial function.

Audit committee report continued

for the year ended 30 September 2016

Financial statements

The committee

- Considered accounting treatments, significant or unusual transactions and accounting judgements
- Considered the appropriateness of accounting policies and any changes made
- Met separately with management, external audit and internal audit and the chairman attended the risk and sustainability committee meetings
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings
- Reviewed the process in place for the reporting of concerns and complaints relating to accounting practices, internal audit, content of auditing of the company's financial statements, internal controls of the company and any related matters. The committee can confirm that there were no such complaints during the year under review
- Reviewed and recommended for adoption by the board such financial information that is publicly disclosed which for the year included:
  - The interim results for the six months ended 31 March 2016
  - The audited annual results for the year ended 30 September 2016
- Reviewed the working capital packs prepared by management to support the board's going concern statement at reporting dates as well as the solvency and liquidity tests required in terms of the Companies Act 71 of 2008.

Financial statements

The audit committee considered the consolidated financial statements, the company financial statements and the summarised financial statements, for the year ended 30 September 2016. The audit committee has also considered the non-financial information as disclosed in the annual financial statements and has assessed its consistency with operational and other information known to audit committee members. The committee has also considered the external assurance provider's report and is satisfied that the information is reliable and consistent with the financial results. The summarised financial statements have been prepared using appropriate accounting policies, which conform to International Financial Reporting Standards.

At their meeting held on 16 November 2016 the committee recommended the consolidated financial statements, the company financial statements and the summarised financial statements, for the year ended 30 September 2016 for approval to the board.

SS Ntsaluba
Audit committee chairman
For and on behalf of the Barloworld Limited audit committee

18 November 2016

Directors' report

for the year ended 30 September 2016

Nature of business

Barloworld Limited ("Barloworld" or "company") is a registered holding company for a group that is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. Barloworld comprises businesses that fit the strategic profile above, meet strict performance criteria and demonstrate good growth potential.

Barloworld maintains a primary listing on the main board of the JSE Limited. The company also has secondary listings on the London and Namibia stock exchanges.

The core divisions of the group comprise:

- Equipment and Handling (earthmoving, power systems, materials handling and agriculture)
- Automotive and Logistics (car rental, motor retail, fleet services, used vehicles and disposal solutions, logistics management and supply chain optimisation)
- Corporate Office (group headquarters and treasury in Johannesburg, the treasury in Maidenhead (United Kingdom) and the captive insurance company).

Financial results

Revenue for the year of R66.5 billion was 6% ahead of last year while operating profit grew by 4% to R4.1 billion. Profit after tax (before associates) was up strongly by 30%. However, net profit and headline earnings for the year was negatively impacted by the significant decrease in income from associates. Headline earnings per share (HEPS) of 838 cents showed an increase of 24 cents (3%) over the prior year. However, if one excludes the impact of the prior year BEE charge, HEPS showed a decline of 9%. Cash generated from operations was very strong at R7 827 million (2015: R1 123 million) primarily as a result of focused working capital management.

The summary of the consolidated financial statements for the year ended 30 September 2016 are set out on pages 126 to 136 of the integrated report. The consolidated financial statements are available on the company's website, www.barloworld.com.

Share capital

The authorised share capital as at 30 September 2016:
400 000 000 ordinary par value shares of R0.05 each
500 000 6% cumulative preference shares of R2 each

The issued share capital as at 30 September 2016:
212 692 583 ordinary par value shares of R0.05 each
375 000 6% cumulative preference shares of R2 each

Major shareholders

Shareholders holding beneficially, directly or indirectly, in excess of 3% of the issued share capital of the company at 30 September 2016 is detailed on page 160 of the integrated report.

Dividends

Details of the dividends and distributions declared and paid are shown below:
Final dividend number 176 of 230 cents (gross) per ordinary share

Dividend declared
Monday, 21 November 2016
Last day to trade cum dividend
Tuesday, 10 January 2017
Shares trade ex-dividend
Wednesday, 11 January 2017
Record date
Friday, 13 January 2017
Payment date
Monday, 16 January 2017

The directors concluded that the company would be both solvent and liquid subsequent to such dividend declarations.

Directors

The composition of the board of directors is set out in the section "Our board of directors" of the integrated report and the annual general meeting (AGM) booklet available on the company's website www.barloworld.com.

On 3 October 2016, the company announced that CB Thomson will step down as the chief executive at the forthcoming AGM and will be succeeded by DM Sewela.

Messrs, PJ Bulterman, DB Ntsebeza, SB Pfeiffer, and CB Thomson are required in accordance with the company's memorandum of incorporation (MOI) to retire by rotation at the forthcoming AGM. PJ Bulterman, SB Pfeiffer and CB Thomson have not offered themselves for re-election and will retire as members of the board at the AGM. DB Ntsebeza is eligible and has offered himself for re-election.

Independent non-executive directors A Landia resigned from the Barloworld board with effect from 31 December 2015 and G Hamilton, having reached retirement age for non-executive directors, retired from the board on 3 February 2016.

Directors' report continued

for the year ended 30 September 2016

Company secretary and registered office

The company secretary is Lerato Manaka and her business address and that of the registered office appear on the inside back cover.

Auditors

Deloitte & Touche continued in office as auditors for the company and its subsidiaries.

At the forthcoming AGM, shareholders will be requested to reappoint Deloitte & Touche as the registered independent external auditors of Barloworld Limited as of 1 October 2016 and to confirm Mr B Nyembe as the lead independent external auditor.

Acquisitions and disposals

Significant acquisitions and disposals in the year under review related mainly to the assets of Union Motors Lowveld and Union Motors South Coast acquired by the Automotive division and the disposal of Barloworld Supply Chain Software by the Logistics division.

Going concern

The directors consider that the company has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the company's financial statements. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

Events after the reporting period

On 17 November 2016 Barloworld signed an agreement for the sale of the assets of its Agriculture and Handling businesses in South Africa to a new operating company. The new operating entity will be held 50%:50% by Barloworld and BayWa AG, a German listed company. The closing of this transaction is contingent upon the fulfilment of the conditions precedent including approvals from the Competition Commission and principals, which we anticipate will be in place by the end of February 2017.

Accounting policies

Definitions

Refer to pages 104 to 112 for a list of financial terms used in the annual financial statements of Barloworld Limited (the company) and consolidated financial statements.

Basis of preparation

1. Accounting framework

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa. The historical cost convention is used except for certain financial instruments that are stated at fair value.

The basis of preparation is consistent with the prior year, except for new and revised standards and interpretations adopted per note 33 to the financial statements. Accounting policies, which are useful to users, especially where particular accounting policies are based on judgement regarding choices within IFRS have been disclosed. Accounting policies for which no choice is permitted in terms of IFRS have been included only if management concluded that the disclosure would assist users in understanding the financial statements as a whole, taking into account the materiality of the item being discussed. Accounting policies which are not applicable from time to time have been removed, but will be included if the type of transaction occurs in future.

The group has made the following accounting policy choices in terms of IFRS:

- Interest in associates and joint ventures are accounted using the equity method (policy note 6)
- The cost model is applied in accounting for property, plant and equipment, and leased assets (policy note 7).

2. Underlying concepts

The financial statements are prepared on the going concern basis.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Derecognition of assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use.

Financial liabilities are derecognised when the relevant obligation has either been discharged, cancelled or has expired.

4. Foreign currencies

The financial statements of entities within the group whose functional currencies are different to the group's presentation currency, which is South African Rand, are translated as follows:

- Assets, including goodwill, and liabilities at exchange rates ruling on the financial position date
- Income items, expense items and cash flows at the average exchange rates for the period
- Equity items at the exchange rate ruling when they arose.

Resulting exchange differences are classified as a foreign currency translation reserve and recognised as other comprehensive income. On disposal of such a business unit, this reserve is recognised in profit or loss.

Consolidated financial statements

5. Interest in subsidiaries

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control over the subsidiary. Control is achieved where the company:

- Has power over the investee
- Is exposed or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns.

The results of an investee acquired or disposed of during the period are included in the consolidated income statement from the date of obtaining control or up to the date of losing control.

Inter-company transactions and the resulting unrealised profits and balances between group entities are eliminated on consolidation.

On acquisition date, the non-controlling interest is measured at the proportion of the fair values of the identifiable assets and liabilities acquired. Non-controlling parties are considered to be equity participants and all transactions with non-controlling parties are recorded directly within equity.

6. Interests in associates and joint ventures

Associates and joint ventures are measured using the equity method of accounting, applying the group's accounting policies, from the acquisition date to the disposal date. The most recent audited annual financial statements of associates and joint ventures are used, which are all within three months of the year end of the group. Adjustments are made to the associate's or joint venture's financial results for material transactions and events in the intervening period. Losses of associates and joint ventures in excess of the group's interest are not recognised unless there is a binding obligation to contribute to the losses.

Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount of the associate.

Where a group entity transacts with an associate or a jointly controlled entity of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associate or jointly controlled entity.

Financial statement items

Statement of financial position

7. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the estimated cost of dismantling and removing the assets.

Owner-occupied properties and investment properties in the course of construction are carried at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value. Depreciation is charged so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives to estimated residual values, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their individual estimated useful lives.

The methods of depreciation, useful lives and residual values are reviewed annually.

The following methods and rates were used during the year to depreciate property, plant and equipment to estimated residual values:

Buildings	Straight line	20 to 50 years
Plant	Straight line	5 to 35 years
Vehicles	Straight line	5 to 10 years
Equipment	Straight line	5 to 10 years
Furniture	Straight line	3 to 15 years
Equipment rental assets	Usage	2 to 5 years

Assets held under finance leases are depreciated over their expected useful lives or the term of the relevant lease, where shorter.

The gain or loss arising on the disposal or scrapping of property, plant and equipment is recognised in profit or loss.

Vehicle rental fleets are accounted for as part of property, plant and equipment but due to the short-term nature of the assets, the net book value is reflected under current assets on the statement of financial position.

8. Intangible assets

Intangible assets are initially recognised at cost if acquired separately or at fair value if acquired as part of a business combination. Intangible assets having a finite useful life are amortised over their useful lives.

The following methods and rates were used during the year to amortise the intangible assets:

Capitalised software	Straight line	2 to 7 years
Patents	Straight line	10 years
Trademarks	Straight line	10 to 20 years
Customer relationships	Straight line	5 to 6 years

Supplier relationships are measured initially at fair value as part of a business combination. Supplier relationships are separately identifiable intangible assets from distribution agreements with suppliers specifying sales objectives, territory presence and service levels to be provided. Supplier relationships have indefinite useful lives.

Customer relationships are measured initially at fair value as part of a business combination.

Research costs are recognised in profit or loss when incurred.

Development costs are capitalised only when and if it results in an asset that can be identified, it is probable that the asset will generate future economic benefits and the development cost can be reliably measured. Otherwise it is recognised in profit or loss.

9. Goodwill

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised in a business combination and is determined as the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or joint venture recognised at the date of acquisition.

Goodwill is recognised as an asset, is stated at cost less impairment losses and is not amortised.

If, on a business combination, the fair value of the group's interest in the identifiable assets, liabilities and contingent liabilities exceeds the cost of acquisition, this excess is recognised in profit or loss immediately. On disposal of a subsidiary, associate, jointly controlled entity or business unit to which goodwill was allocated on acquisition, the amount attributable to such goodwill is included in the determination of the profit or loss on disposal.

10. Deferred taxation assets and liabilities

Deferred taxation is recognised using the financial position liability method for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantially enacted at the financial position date.

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits. Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects immediately neither taxable income nor accounting profit.

Deferred taxation arising on investments in subsidiaries, associates and joint ventures is recognised except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

11. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if the carrying amount will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets (or disposal groups) are available for immediate sale in its present condition and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

Immediately prior to being classified as held for sale, the carrying amount of assets and liabilities is measured in accordance with the applicable standard. After classification as held for sale, it is measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset and disposal group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

Non-current assets or disposal groups that are classified as held for sale are not depreciated.

Rental assets that become available for sale after being removed from rental fleets are transferred to inventories (policy note 12) at their carrying amount. Sale proceeds from such rental assets are recognised as revenue in accordance with policy note 17.

12. Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion, distribution and selling.

The specific identification basis is used to arrive at the cost of items that are not interchangeable. Otherwise the first-in first-out method or weighted average method for certain classes of inventory is used to arrive at the cost of items that are interchangeable.

13. Financial assets and financial liabilities (financial instruments)

Financial instruments are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial instruments classified as at fair value through profit or loss are expensed.

Investments classified as held-to-maturity financial assets are measured at amortised cost using the effective interest rate method less any impairment losses recognised to reflect irrecoverable amounts.

Financial instruments are classified as financial instruments at fair value through profit or loss where the financial instrument is either held for trading (including derivative instruments) or is designated as at fair value through profit or loss and are carried at fair value with any gains or losses being recognised in profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Trade and other receivables are classified as loans and receivables and are measured at amortised cost less provision for doubtful debts, which is determined as set out under impairment of assets set out in policy note 23. Items with extended terms are initially recorded at the present value of future cash flows and interest received is accounted for over the term until payment is received. Write-downs of these assets are expensed in profit or loss.

Cash and cash equivalents are measured at fair value.

Derivatives are measured at fair value, with changes in fair value being included in profit or loss other than derivatives designated as cash flow hedges. The fair value of derivatives is classified as non-current if the remaining maturity of the instruments are more than, and it is not expected to be realised within, 12 months.

Non-derivative financial liabilities that are not designated on initial recognition as financial liabilities at fair value through profit or loss (including interest-bearing loans and bank overdrafts) are measured at amortised cost using the effective interest rate method. Items with extended terms are initially recorded at the present value of future cash flows. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the accounting policy for borrowing costs (policy note 20).

14. Post-employment benefit obligations

Payments to defined contribution plans are recognised as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

The cost of providing defined benefits is determined using the projected unit credit method. Valuations are conducted every three years and interim adjustments to those valuations are made annually.

Actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the group is demonstrably committed to the curtailment or settlement.

Past service costs are recognised in profit and loss immediately to the extent that the benefits are already vested. Otherwise they are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for the unrecognised past service costs and reduced by the fair value of plan assets. Any asset is limited to the unrecognised actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

15. Shareholders for equity dividends

Dividends to equity holders are only recognised as a liability when declared and are included as a movement in reserves.

16. Provisions

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Provisions are measured at the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. The provision is measured at the lower of cost of fulfilment and penalties arising from failure to fulfil.

Restructuring

A restructuring provision is recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the estimated expenditure required to settle the group's obligation.

Income statement

17. Revenue

Included in revenue are net invoiced sales to customers for goods and services, rentals from leasing fixed and movable property, commission, hire purchase and finance lease income.

Revenue is measured at the fair value of the consideration of the amount received or receivable. Cash and settlement discounts, rebates, VAT and other indirect taxes are excluded from revenue. Where extended terms are granted, interest received is accounted for over the term until payment is received.

Revenue from the rendering of services is measured using the stage of completion method based on the services performed to date as a percentage of the total services to be performed.

Revenue from the rendering of services is recognised when the amount of the revenue, the related costs and the stage of completion can be measured reliably.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, when delivery has been made and title has passed, when the amount of the revenue and the related costs can be reliably measured and the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Rental income is accounted for in accordance with policy note 24 below.

Where the group acts as agent and is remunerated on a commission basis, only the commission is included in revenue. Where the group acts as principal, the total value of business handled is included in revenue.

18. Employee benefit costs

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted.

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

19. Income from investments

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

20. Borrowing costs

Borrowing costs (net of investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets) directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

21. Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

Deferred taxation is recognised in profit or loss except when it relates to items credited or charged to other comprehensive income, in which case it is also recognised in other comprehensive income.

Transactions and events

22. Hedge accounting

If a fair value hedge meets the conditions for hedge accounting, any gain or loss on the hedged item attributable to the hedged risk is included in the carrying amount of the hedged item and recognised in profit or loss.

If a cash flow hedge meets the conditions for hedge accounting the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses recognised in other comprehensive income are transferred to income in the same period in which the asset or liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gains or losses recognised in other comprehensive income are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

If a hedge of a net investment in a foreign entity meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion is recognised in profit or loss. On disposal of a foreign entity, the gain or loss recognised in other comprehensive income is transferred to profit or loss.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated or exercised, when for cash flow hedges, the forecast transaction is no longer expected to occur or when the hedge designation is revoked. Any cumulative gain or loss on the hedging instrument for a forecast transaction is retained in other comprehensive income until the transaction occurs, unless the transaction is no longer expected to occur, in which case it is transferred to profit or loss for the period.

23. Impairment of assets

At each reporting date, the carrying amount of the tangible and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The impairment loss is first allocated to reduce the carrying amount of goodwill and then to the other assets of the cash-generating unit. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

Impairment losses on held-to-maturity financial assets, available-for-sale assets as well as trade and other receivables are determined based on specific and objective evidence that assets are impaired and is measured as the difference between the carrying amount of assets and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are recognised in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use, goodwill and the cash-generating units to which these assets have been allocated are tested for impairment even if there is no indication of impairment. Impairment losses recognised on goodwill are not subsequently reversed.

24. Leasing

Classification

Leases are classified as finance leases or operating leases at the inception of the lease. Leases where the group has substantially all the risks and rewards of ownership are classified as finance leases.

In the capacity of a lessor

Amounts due from a lessee under a finance lease are recognised as receivables at the amount of the net investment in the lease, which includes initial direct costs. Where assets are leased by a manufacturer or dealer, the initial direct costs are expensed. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease or another basis if more representative of the time pattern of the user's benefit. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight-line basis over the term of the lease.

In the capacity of a lessee

Finance leases are recognised as assets and liabilities at the lower of the fair value of the asset and the present value of the minimum lease payments at the date of acquisition. Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to profit or loss over the term of the lease and at interest rates applicable to the lease on the remaining balance of the obligations.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease or another basis if more representative of the time pattern of the user's benefit. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the term of the lease.

25. Share-based payments

Equity-settled share options

Executive directors and senior executives have been granted equity-settled share options in terms of the Barloworld Share Option Scheme. After the date on which the options are exercisable and before the expiry date, the options can be exercised to purchase shares for cash in which event the shares issued are accounted for in share capital and share premium at the amount of the exercise price.

Forfeitable Share Plan

Executive directors and senior executives have been granted equity-settled shares in terms of the Barloworld Forfeitable Share Plan (FSP). Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and recognised in profit or loss on a straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a binomial pricing model.

Cash-settled share appreciation rights
Cash-settled share appreciation rights granted to employees for services rendered or to be rendered are raised as a liability and recognised in profit or loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is measured annually until settled and any changes in value are recognised in profit or loss. Fair value is measured using a binomial pricing model.

Equity-settled share appreciation rights
Equity-settled share appreciation rights have been granted to employees in terms of the Barloworld Share Appreciation Rights scheme (SARs). Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and recognised in profit or loss on a straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a binomial pricing model.

Broad-Based Black Economic Empowerment (B-BBEE)
In a B-BBEE transaction, the share-based payment is measured as the difference between the fair value of the equity instruments granted and the fair value of the cash and other assets received (ie the B-BBEE equity credentials) and are recognised in profit or loss at the grant date unless there are service conditions in which case it is recognised over the relevant period of the service conditions.

26. Treasury shares

Treasury shares are equity instruments of the company, held by the company or other members of the consolidated group.

All costs relating to the acquisition of treasury shares as well as gains or losses on disposal or cancellation of treasury shares are recognised directly in equity.

27. Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Certain transactions are entered into by the group as insurer and which falls within this definition.

Maintenance contracts
Revenue on maintenance contracts is recognised on the percentage of completion method based on the anticipated cost of repairs over the life cycle of the equipment.

28. Financial guarantee contracts

The group regards financial guarantee contracts as insurance contracts and uses accounting applicable to insurance contracts. Details regarding financial guarantees issued are disclosed under contingent liabilities.

29. Judgements and estimates made by management

Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

Recognition and derecognition of assets
The company has concluded certain buy-back and rental agreements with vehicle suppliers in South Africa in the Avis Rent-a-Car and logistics transport businesses. Management assessed that the significant risks and rewards remained with the suppliers. Accordingly the vehicles were not recognised as assets together with the accompanying debt obligations and the transactions were recorded as operating leases. The company has concluded equipment sale and leaseback facilities in South Africa. Assets are derecognised in instances where risk and reward of ownership is assessed as having passed to the purchaser.

Interests in subsidiaries
The trust established to hold the shares awarded in the black economic empowerment transaction to the education entity are considered to be controlled by the company. Accordingly, the assets and liabilities and the results of these trusts have been consolidated from the date of the transaction.

Asset lives and residual values
Property, plant and equipment with the exception of equipment rental assets is depreciated over its useful life taking into account residual values, where appropriate. Equipment rental assets are depreciated based on their usage taking into account residual values, where appropriate.

The actual lives and usage of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives and usage, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Deferred taxation assets
Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in future against which they can be utilised. Five-year business plans are prepared annually and approved by the boards of the company and its major operating subsidiaries. These plans include estimates and assumptions regarding economic growth, interest rates, inflation and competitive forces.

The plans contain profit forecasts and cash flows and these are utilised in the assessment of the recoverability of deferred tax assets.

Management also exercises judgement in assessing the likelihood that business plans will be achieved and that the deferred tax assets are recoverable.

In certain circumstances further corroborative evidence is used, such as tax planning opportunities within the control of management, to support the recovery of the tax asset.

Post-employment benefit obligations

Post-retirement defined benefits are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare inflation cost and rates of increase in compensation costs.

Judgement is exercised by management, assisted by advisers, in adjusting mortality rates to take account of actual mortality rates within the schemes.

Warranty claims

Warranties are provided on certain equipment, spare parts and service supplied to customers. Management exercises judgement in establishing provisions required on the basis of claims notified and past experience.

Revenue recognition

The percentage of completion method is utilised to recognise revenue on long-term contracts. Management exercises judgement in calculating the deferred revenue reserve which is based on the anticipated cost of repairs over the life cycle of the equipment, or motor vehicles, applied to the total expected revenue arising from maintenance and repair contracts.

In addition, management exercises judgement in assessing whether significant risks and rewards have been transferred to the customer to permit revenue to be recognised.

In cases where there is a buy-back, management considers whether the buy-back is set at a level which makes the buy-back substantive. If so, management uses the guidance from IAS 18 with regard to the transfer of risks and rewards for the purposes of revenue recognition. If the buy-back is not considered to be substantive, then it is ignored for the purposes of revenue recognition. If revenue is recognised on a transaction which includes a buy-back, then provision is made on the basis set out in repurchase commitments below as and when such provision is required.

Impairment of assets

Factors taken into consideration in determining if an asset is impaired include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

Cash flows which are utilised in these assessments are extracted from formal five-year business plans which are updated annually. The company utilises a discounted cash flow valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by other valuation techniques.

Receivables are reviewed for impairment on an individual basis and factors considered include the nature and credit quality of counterparties as well as disputes regarding price, delivery, quality and authorisation of work done.

Provision for obsolete inventory

Equipment inventory consists of machines, parts and work-in-progress.

Machine inventory is reviewed by country and by machine model taking into account the ageing, market demand and condition of the machine to determine the net realisable value.

Parts inventory is categorised as follows:

- Strategic parts with longer lead times or parts required to support new machine models
- Non-strategic parts that are generally faster moving parts
- Perishable parts with a limited shelf life
- Remanufactured components
- Returnable and non-returnable.

Obsolete, slow-moving and damaged inventories are identified for each parts category. Returnable slow-moving parts are reduced to the net realisable value recoverable from the supplier.

Remanufactured components are held to exchange components requiring repair to reduce the machine downtime. Remanufactured components normally have a shorter lifespan compared to new components and are valued at the percentage life expectancy of a new component applied to the cost of a new component.

Work-in-progress
Aged jobs in work-in-progress are impaired where recoverability is considered low.

Operating segments
The executive committee has determined the operating segments based on the management reports and report on the operating segments as follows:

- The Equipment segment provides customers with innovative solutions that include Caterpillar earthmoving equipment, engines and other complementary brands.
- The Handling segment provides customers with innovative solutions for material handling needs that include lift trucks, warehouse handling equipment and distribution of agricultural equipment.
- The Automotive segment provides customers with integrated motor vehicle usage solutions through the operation of car rental, motor retail and fleet service business units.
- The Logistics segment provides customers with traditional logistics services and supply chain management solutions.
- The Corporate segment comprises all the other group activities including the operations of the corporate office in Johannesburg and treasury in the United Kingdom.

Management evaluates the segment performance based on the operating results plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the group's treasury operations.

Repurchase commitments
Buy-back (repurchase) arrangements with customers are periodically concluded. The likelihood of the repurchase commitments being exercised and quantification of the possible loss, if any, on resale of the equipment is assessed at the inception of the contract and at each reporting period. Significant assumptions are made in estimating residual values. These are assessed based on past experience and take into account expected future market conditions and projected disposal values.

Functional currencies
The functional currency of each entity within the group is determined based on a combination of factors including the economic environment in which the entity operates in, the currency that influences the majority of the input costs and sales, as well as the relative stability of the local currency. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the financial position date.

Gains and losses arising on exchange differences are recognised in profit or loss.

Consolidated income statement

for the year ended 30 September

	Notes	2016 Rm	2015 Rm
Revenue	2	**66 547**	62 720
Operating profit before items listed below (EBITDA)		**6 674**	6 479
Depreciation		**(2 426)**	(2 355)
Amortisation of intangible assets		**(113)**	(129)
Operating profit	3	**4 135**	3 995
B-BBEE charge			(251)
Operating profit including B-BBEE		**4 135**	3 744
Fair value adjustments on financial instruments	4	**(209)**	(198)
Finance costs	5	**(1 346)**	(1 252)
Income from investments	6	**113**	67
Profit before non-operating and capital items		**2 693**	2 361
Non-operating and capital items	7	**120**	(6)
Profit before taxation		**2 813**	2 355
Taxation	8	**(809)**	(808)
Profit after taxation		**2 004**	1 547
(Loss)/income from associates and joint ventures	13	**(25)**	287
Profit for the year		**1 979**	1 834
Attributable to:			
Owners of Barloworld Limited		**1 883**	1 713
Non-controlling interests in subsidiaries		**96**	121
		1 979	1 834
Earnings per share (cents)			
– basic	9	**890.5**	808.7
– diluted	9	**888.2**	806.1

Consolidated statement of comprehensive income

for the year ended 30 September

	2016 Rm	2015 Rm
Profit for the year	**1 979**	1 834
Items that may be reclassified subsequently to profit or loss:	**(550)**	1 336
Exchange (loss)/gains on translation of foreign operations	**(377)**	1 454
Translation reserves realised on disposal of foreign joint venture and subsidiaries	**(83)**	(130)
(Loss)/gain on cash flow hedges	**(121)**	16
Deferred taxation on cash flow hedges	**31**	(4)
Items that will not be reclassified to profit or loss:	**(1 134)**	(46)
Actuarial losses on post-retirement benefit obligations	**(1 343)**	(57)
Taxation effect of net actuarial losses	**209**	11
Other comprehensive (loss)/income for the year, net of taxation	**(1 684)**	1 290
Total comprehensive income for the year	**295**	3 124
Total comprehensive income attributable to:		
Barloworld Limited shareholders	**199**	3 003
Non-controlling interest	**96**	121
	295	3 124

Consolidated statement of financial position

at 30 September

	Notes	2016 Rm	Restated 2015 Rm	Restated 2014 Rm
ASSETS				
Non-current assets		**20 179**	19 906	17 287
Property, plant and equipment	10	**13 806**	14 380	12 614
Goodwill	11	**2 015**	1 740	1 661
Intangible assets	12	**1 713**	1 500	1 380
Investment in associates and joint ventures	13	**923**	923	720
Finance lease receivables	14	**147**	142	123
Long-term financial assets	15	**448**	438	94
Deferred taxation assets	16	**1 127**	783	695
Current assets		**25 015**	28 052	26 719
Vehicle rental fleet	10	**2 789**	2 488	2 307
Inventories	17	**10 317**	13 767	11 814
Trade and other receivables	18	**8 826**	9 331	8 357
Taxation		**55**	94	79
Cash and cash equivalents	19	**3 028**	2 372	4 162
Assets classified as held for sale	20	**828**	197	
Total assets		**46 022**	48 155	44 006
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium	21	**441**	282	316
Other reserves		**5 134**	5 793	4 517
Retained income		**13 367**	13 351	12 049
Interest of shareholders of Barloworld Limited		**18 942**	19 426	16 882
Non-controlling interest		**737**	616	604
Interest of all shareholders		**19 679**	20 042	17 486
Non-current liabilities		**12 446**	12 078	9 700
Interest-bearing	22	**8 379**	9 074	6 921
Deferred taxation liabilities	16	**703**	571	377
Provisions	23	**111**	139	182
Other non-current liabilities	24	**3 253**	2 294	2 220
Current liabilities		**13 830**	15 992	16 820
Trade and other payables	25	**10 054**	10 832	11 505
Provisions	23	**931**	1 058	1 046
Taxation		**180**	52	116
Amounts due to bankers and short-term loans	26	**2 665**	4 050	4 153
Liabilities directly associated with assets classified as held for sale	20	**67**	43	
Total equity and liabilities		**46 022**	48 155	44 006

Consolidated statement of changes in equity

for the year ended 30 September

	Notes	Share capital and premium Rm	Foreign currency translation reserve Rm	Revaluation reserve and cash flow hedging reserves Rm	Legal and other reserves Rm
Balance at 1 October 2014		316	3 972	25	206
Other comprehensive income/(loss)			1 324	12	
Profit for the year					
Total comprehensive income for the year		316	1 324	12	
Other reserve movements					(107)
B-BBEE IFRS 2					
Dividends	27				
Share buy-back		(34)			
Balance at 30 September 2015		282	5 296	37	99
Other comprehensive (loss)			**(460)**	**(90)**	
Profit for the year					
Total comprehensive income for the year			**(460)**	**(90)**	
Other reserve movements					**(40)**
Acquisition of subsidiary					
Other changes in minority shareholders interest and minority loans					
Dividends	27				
Share buy-back during the year	21	**(127)**			
Share issue during the year	21	**286**			
Balance at 30 September 2016		**441**	**4 836**	**(53)**	**59**

Consolidated statement of changes in equity continued

for the year ended 30 September

Equity compen-sation reserves	Total other reserves	Retained income	Net actuarial losses on post-retirement benefits	Total retained income	Attributable to Barloworld Limited shareholders	Non-controlling interest	Interest of all shareholders
Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
314	4 517	14 249	(2 200)	12 049	16 882	604	17 486
	1 336		(46)	(46)	1 290		1 290
		1 713		1 713	1 713	121	1 834
	1 336	1 713	(46)	1 667	3 003	121	3 124
47	(60)	136		136	76		76
		198		198	198		198
		(699)		(699)	(699)	(109)	(808)
					(34)		(34)
361	5 793	15 597	(2 246)	13 351	19 426	616	20 042
	(550)		**(1 134)**	**(1 134)**	**(1 684)**		**(1 684)**
		1 883		**1 883**	**1 883**	**96**	**1 979**
	(550)	**1 883**	**(1 134)**	**749**	**199**	**96**	**295**
(69)	**(109)**				**(109)**		**(109)**
						96	**96**
						(55)	**(55)**
		(733)		**(733)**	**(733)**	**(16)**	**(749)**
					(127)		**(127)**
					286		**286**
292	**5 134**	**16 747**	**(3 380)**	**13 367**	**18 942**	**737**	**19 679**

Consolidated financial statements

Consolidated statement of cash flows

for the year ended 30 September

	Notes	2016 Rm	2015 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**67 345**	62 327
Cash paid to employees and suppliers		**(58 065)**	(58 662)
Cash generated from operations before investment in leasing and rental fleet	A	**9 280**	3 724
Fleet leasing and equipment rental fleet		**(506)**	(1 847)
Additions		**(2 580)**	(4 029)
Proceeds on disposal		**2 074**	2 182
Vehicles rental fleet		**(947)**	(754)
Additions		**(3 798)**	(3 276)
Proceeds on disposal		**2 851**	2 522
Cash generated from operations		**7 827**	1 123
Finance costs		**(1 346)**	(1 252)
Realised fair value adjustments on financial instruments		**(105)**	(210)
Dividends received from investments, associates and joint ventures		**31**	218
Interest received		**113**	67
Taxation paid	B	**(805)**	(770)
Cash inflow/(outflow) from operations		**5 715**	(824)
Dividends paid (including non-controlling interest)		**(772)**	(814)
Cash retained from/(applied to) operating activities		**4 943**	(1 638)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, investments and intangibles	C	**(1 057)**	(641)
Proceeds on disposal of subsidiaries, investments and intangibles	D	**258**	61
Movement investment in leasing receivables		**9**	(128)
Acquisition of other property, plant and equipment		**(980)**	(1 363)
Replacement capital expenditure		**(459)**	(690)
Expansion capital expenditure		**(521)**	(673)
Proceeds on disposal of property, plant and equipment		**334**	245
Net cash used in investing activities		**(1 436)**	(1 826)
Net cash inflow/(outflow) before financing activities		**3 507**	(3 464)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased for equity-settled share-based payments		**(95)**	(22)
Share buy-back		**(162)**	
Share issue		**286**	
Purchase of non-controlling interest		**(142)**	(6)
Non-controlling interest loan and equity movements		**24**	
Proceeds from long-term borrowings		**2 500**	3 921
Repayment of long-term borrowings		**(3 311)**	(1 971)
Movement in short-term interest-bearing liabilities		**(1 853)**	(390)
Net cash (used in)/from financing activities		**(2 753)**	1 532
Net increase/(decrease) in cash and cash equivalents		**754**	(1 932)
Cash and cash equivalents at beginning of year		**2 372**	4 162
Effect of foreign exchange rate movement on cash balance		**(112)**	156
Effect of cash balances classified as held for sale		**14**	(14)
Cash and cash equivalents at end of year		**3 028**	2 372
Cash balances not available for use due to reserving restrictions		**580**	337

Consolidated statement of cash flows continued

for the year ended 30 September

	2016 Rm	2015 Rm
CASH FLOWS FROM OPERATING ACTIVITIES (BEFORE DIVIDENDS PAID)		
– Equipment and Handling	**4 661**	(963)
– Automotive and Logistics	**983**	277
– Corporate	**71**	(138)
Total group	**5 715**	(824)
CASH FLOWS FROM INVESTING ACTIVITIES		
– Equipment and Handling	**(546)**	(645)
– Automotive and Logistics	**(877)**	(1 155)
– Corporate	**(13)**	(26)
Total group	**(1 436)**	(1 826)
CASH FLOWS FROM FINANCING ACTIVITIES		
– Equipment and Handling	**(2 910)**	2 825
– Automotive and Logistics	**337**	1 085
– Corporate	**(180)**	(2 378)
Total group	**(2 753)**	1 532

Notes to the consolidated statement of cash flows

for the year ended 30 September

		2016 Rm	2015 Rm
A.	**Cash generated from operations is calculated as follows:**		
	Profit before taxation	**2 813**	2 355
	Adjustments for:		
	Depreciation	**2 426**	2 355
	Amortisation of intangible assets	**113**	129
	Loss on disposal of plant and equipment and intangibles	**69**	42
	Profit on disposal of properties and other assets	**(10)**	(35)
	(Profit)/loss on disposal of subsidiaries and investments	**(168)**	4
	Dividends received	**(31)**	(28)
	Interest received	**(113)**	(67)
	Finance costs	**1 346**	1 252
	Fair value adjustments on financial instruments	**223**	192
	Net impairment of assets and investments	**58**	37
	IFRS 2 charge	**(25)**	331
	Non-cash movement in provisions and valuation allowances	**313**	461
	Other non-cash flow items	**147**	66
	Operating cash flows before movements in working capital	**7 161**	7 094
	Movement in working capital	**2 119**	(3 370)
	Movement in inventories	**2 668**	(1 558)
	Movement in receivables	**797**	(393)
	Movement in payables	**(1 346)**	(1 419)
	Cash generated from operations before investment in leasing and rental fleets	**9 280**	3 724
B.	**Taxation paid is reconciled to the amounts disclosed in the income statement as follows:**		
	Amounts unpaid less overpaid at beginning of year	**42**	(38)
	Per the income statement (excluding deferred taxation)	**(948)**	(680)
	Adjustments in respect of subsidiaries acquired and sold including translation adjustments	**(24)**	(10)
	Amounts unpaid less overpaid at end of year	**125**	(42)
	Cash amounts paid	**(805)**	(770)
C.	**Acquisition of subsidiaries, investments and intangibles:**		
	Inventories acquired	**(154)**	(21)
	Receivables acquired	**(183)**	(41)
	Payables, taxation and deferred taxation acquired	**457**	61
	Borrowings net of cash	**(34)**	62
	Property, plant and equipment, non-current assets, goodwill and non-controlling interest	**(239)**	(97)
	Total net assets acquired	**(153)**	(36)
	Goodwill arising on acquisitions	**(290)**	(92)
	Intangibles arising on acquisition in terms of IFRS 3 Business Combinations	**(196)**	(34)
	Total purchase consideration	**(639)**	(162)
	Deemed disposal of associate at fair value on obtaining control	**21**	20
	Net cash cost of subsidiaries acquired	**(618)**	(142)
	Bank balances and cash in subsidiaries acquired	**142**	6
	Investment and intangible assets acquired	**(581)**	(505)
	Cash amounts paid to acquire subsidiaries, investments and intangibles	**(1 057)**	(641)

Notes to the consolidated statement of cash flows continued

for the year ended 30 September

C. Acquisition of subsidiaries, investments and intangibles: continued

During the current financial year the following acquisitions were included in the total per note C:

Toyota/Volkswagen Postmasburg

Automotive Northern Cape (Pty) Limited acquired the net assets of the Toyota and Volkswagen dealerships in Postmasburg, effective 31 October 2015 for R28 million. The primary reason for the acquisition was to extend the Motor Retail footprint in the Northern Cape.

Union Motors

NMI Durban South Motors (Pty) Limited acquired the net assets of Union Motors Lowveld and Union Motors South Coast, effective 29 February 2016. Rapiprop 174 (Pty) Limited, a wholly owned subsidiary of NMI Durban South Motors (Pty) Limited, acquired the fixed property from which these dealerships operate. The primary reason for the acquisition was to expand the Mercedes-Benz footprint into KwaZulu-Natal and Mpumalanga.

Salvage Management and Disposals

Barloworld South Africa (Pty) Limited acquired a 52% controlling interest in the Salvage Management and Disposals group, effective 1 May 2016. The primary reason for the acquisition was to invest in an asset light business involved in the broader Automotive value chain.

KLL Group (Pty) Limited

On 31 December 2015, through a sale of shares and subscription agreement, Barloworld Logistics Africa (Pty) Limited acquired 100% of the KLL Group (Pty) Limited's share capital for a total consideration of R64.7 million. R20.6 million of the consideration has been deferred and is payable after financial years 2016, 2017 and 2018. The primary reason of the acquisition is to enable Barloworld Logistics to enter the multi-warehousing distribution market and give Barloworld Logistics refrigeration capability using a distribution network.

Aspen Logistic Services (Pty) Limited

On 1 January 2016, through a sale of shares agreement, Barloworld Transport (Pty) Limited acquired 51% of the shares in Aspen Logistic Services (Pty) Limited for a total cash consideration of R37.65 million. The primary reason of the acquisition is to enable Barloworld Logistics to enter the refrigerated transport market.

The purchase price allocation of all acquisitions have been finalised. The combined goodwill of R290 million arising from the acquisitions consists largely of the synergies and economies of scale expected from integrating these operations into the existing business. None of the goodwill recognised is expected to be deductible for income tax purposes.

The group included revenue of R2 061 million and net profit after tax of R53 million, in relation to all of the above acquisitions. It is estimated that if these acquisitions were part of the group since the beginning of the financial year, they would have added R3 389 million to revenue and a net profit after tax of R98 million.

		2016 Rm	2015 Rm
D.	**Proceeds on disposal of subsidiaries, investments and intangibles:**		
	Inventories disposed	**39**	147
	Receivables disposed	**22**	71
	Payables, taxation and deferred taxation balances disposed and settled	**(46)**	(55)
	Borrowings net of cash	**9**	(1)
	Property, plant and equipment, non-current assets, goodwill and intangibles	**146**	16
	Net assets disposed	**170**	179
	Receivable from subsidiary disposed	**(22)**	
	Less: Non-cash translation reserves realised on disposal of foreign subsidiaries	**1**	(127)
	Profit on disposal	**117**	10
	Net cash proceeds on disposal of subsidiaries	**266**	62
	Bank balances and cash in subsidiaries disposed	**(9)**	(2)
	Proceeds on disposal of investments and intangibles	**1**	1
	Cash proceeds on disposal of subsidiaries, investments and intangibles	**258**	61

The net cash proceeds on disposal of subsidiaries includes the disposal of Barloworld Supply Chain Software for R176.5 million and the proceeds from the sale of the assets of the Agriculture Zambia business into a joint venture company with BayWa AG.

Notes to the consolidated financial statements

for the year ended 30 September

	Consolidated		Eliminations		Equipment and Handlings: Equipment		Equipment and Handling: Handling	
	2016	2015 Restated	2016	2015	2016	2015	2016	2015
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
1. Operating and geographical segments**								
Revenue								
Southern Africa	57 002	54 911			18 547	20 307	1 499	1 919
Europe@	4 708	4 429			4 473	3 792	6	108
Russia	4 837	3 379			4 837	3 379		
	66 547	62 720			27 857	27 479	1 505	2 027
Inter-segment revenue***			(1 889)	(2 180)	1 217	1 373	35	96
	66 547	62 720	(1 889)	(2 180)	29 074	28 852	1 540	2 123
Segment result								
Operating profit/(loss)								
Southern Africa	3 551	3 695			1 585	1 894	38	69
Europe@	(17)	(99)			55	71	(14)	(65)
Russia	599	397			599	397		
North America	1	2					1	2
Operating profit/(loss)	4 135	3 995			2 240	2 362	25	6
B-BBEE charge		(251)						
Fair value adjustments on financial instruments	(209)	(198)			(138)	(145)	(63)	(65)
Total segment result	3 926	3 546			2 102	2 217	(38)	(59)
By geographical region								
Southern Africa	3 342	3 277			1 442	1 787	(23)	4
Europe@	(26)	(97)			51	66	(16)	(65)
Russia	609	364			609	364		
North America	1	2					1	2
Total segment result	3 926	3 546			2 102	2 217	(38)	(59)
Income from associates and joint ventures	(25)	287			(14)	294	(8)	
Segment result including associate income	3 901	3 833			2 088	2 511	(46)	(59)
Finance costs	(1 346)	(1 252)						
Income from investments	113	67						
Non-operating and capital items	120	(6)						
	2 788	2 642						
Taxation	(809)	(808)						
Net profit	1 979	1 834						
Non-cash expenses per segment								
Depreciation	2 426	2 355			661	681	30	36
Amortisation of intangibles	113	129			53	72	1	2
Impairment losses	58	37			44			

** *The geographical segments are determined by the location of assets.*
*** *Inter-segment revenue is priced on an arm's length basis.*
@ *Including Middle East, Asia and Iberia.*

Revenue generated in South Africa for the year was R48 038 million (2015: R45 447 million).

Non-current assets based in South Africa was R14 041 million (2015: R13 246 million).

Notes to the consolidated financial statements continued

for the year ended 30 September

Automotive and Logistics									
Motor Retail		Car Rental Southern Africa		Leasing		Logistics		Corporate	
2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	Restated								
Rm	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm
21 819	20 140	**5 967**	5 202	**3 641**	3 362	**5 527**	3 980	**2**	1
						229	529		
21 819	20 140	**5 967**	5 202	**3 641**	3 362	**5 756**	4 509	**2**	1
157	204	**6**	8	**117**	125	**214**	255	**143**	119
21 976	20 344	**5 973**	5 210	**3 758**	3 487	**5 970**	4 764	**145**	120
558	487	**536**	470	**560**	572	**226**	186	**48**	17
						(3)	(27)	**(55)**	(78)
558	487	**536**	470	**560**	572	**223**	159	**(7)**	(61)
									(251)
(3)		**(1)**			1	**(3)**	(5)	**(1)**	16
555	487	**535**	470	**560**	573	**220**	154	**(8)**	(296)
555	487	**535**	470	**560**	573	**223**	181	**50**	(225)
						(3)	(27)	**(58)**	(71)
555	487	**535**	470	**560**	573	**220**	154	**(8)**	(296)
(3)	(5)		1			**(1)**	(3)	**1**	
552	482	**535**	471	**560**	573	**219**	151	**(7)**	(296)
67	50	**619**	560	**836**	830	**201**	185	**12**	12
14	6	**2**	2	**4**	7	**37**	38	**2**	2
				15	33			**(1)**	4

Notes to the consolidated financial statements continued

for the year ended 30 September

	Consolidated		Eliminations		Equipment and Handling: Equipment		Equipment and Handling: Handling	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
		Restated						
	Rm	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm
1. Operating and geographical segments** continued								
Assets								
Property, plant and equipment	**13 806**	14 380			**4 950**	5 750	**1**	172
Intangible assets	**1 713**	1 500			**1 190**	1 232		4
Investment in associates and joint ventures	**923**	923			**882**	903	**17**	
Long-term finance lease receivables	**147**	142			**19**	22		
Long-term financial assets	**448**	438			**332**	366		
Vehicle rental fleet	**2 789**	2 488						
Inventories	**10 317**	13 767			**7 177**	9 566	**4**	1 142
Trade and other receivables	**8 826**	9 331			**6 008**	6 752	**266**	357
Assets classified as held for sale	**828**	154					**812**	57
Segment assets	**39 798**	43 124			**20 559**	24 591	**1 100**	1 732
By geographical region								
Southern Africa	**33 430**	35 134			**14 288**	16 867	**1 083**	1 631
Europe@	**3 345**	3 836			**3 248**	3 573	**17**	99
Russia	**3 022**	4 152			**3 022**	4 152		
North America		1						1
Total segment assets	**39 798**	43 124			**20 558**	24 591	**1 100**	1 731
Goodwill	**2 015**	1 769			**250**	251		11
Taxation	**55**	94						
Deferred taxation assets	**1 127**	783						
Cash and cash equivalents	**3 028**	2 386						
Consolidated total assets	**46 022**	48 155						
Liabilities								
Long-term non-interest-bearing including provisions	**3 364**	2 433			**105**	92		
Trade and other payables including provisions	**10 985**	11 890			**4 812**	5 820	**123**	598
Liabilities directly associated with assets classified as held for sale	**67**	43					**67**	8
Segment liabilities	**14 416**	14 366			**4 917**	5 912	**190**	606
By geographical region								
Southern Africa	**10 371**	10 526			**3 742**	4 107	**182**	560
Europe@	**3 425**	2 680			**554**	659	**8**	41
Russia	**620**	1 146			**620**	1 146		
North America		5						5
Australia		9						
Total segment liabilities	**14 416**	14 366			**4 916**	5 912	**190**	606
Interest-bearing liabilities (excluding held-for-sale amounts)	**11 044**	13 124						
Deferred taxation liabilities	**703**	571						
Taxation	**180**	52						
Consolidated total liabilities	**26 343**	28 113						
Capital additions								
Southern Africa	**6 978**	8 222			**612**	1 900	**51**	61
Europe@	**354**	343			**350**	329		3
Russia	**41**	102			**41**	102		
	7 372	8 667			**1 002**	2 331	**51**	64

** *The geographical segments are determined by the location of assets.*
@ *Including Middle East, Asia and Iberia.*

Notes to the consolidated financial statements continued

for the year ended 30 September

	Automotive and Logistics									
	Motor Retail		Car Rental Southern Africa		Leasing		Logistics		Corporate	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		Restated								
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
	1 969	1 493	353	331	4 021	4 111	1 790	1 818	721	704
	215	52	19	18	7	13	274	172	8	10
	22	17	1	1			(1)		2	2
					128	120				
	28	44					78	16	10	12
			2 789	2 488						
	2 689	2 699	352	308	68	59	61	31	(33)	(38)
	715	650	467	492	590	654	1 441	1 163	(661)	(737)
							16	97		
	5 638	4 955	3 980	3 638	4 815	4 957	3 659	3 297	47	(47)
	5 638	4 955	3 980	3 638	4 815	4 957	3 498	3 052	128	34
							161	245	(81)	(81)
	5 638	4 955	3 980	3 638	4 815	4 957	3 659	3 297	47	(47)
	429	198	792	791	292	307	250	210		
	72	68			293	323	10		2 884	1 950
	3 200	2 619	1 446	1 644	736	849	1 176	859	(508)	(499)
								35		
	3 272	2 687	1 446	1 644	1 029	1 172	1 186	894	2 376	1 451
	3 272	2 678	1 446	1 644	1 029	1 172	1 150	811	(450)	(446)
							37	83	2 826	1 897
		9								
	3 272	2 687	1 446	1 644	1 029	1 172	1 187	894	2 376	1 451
	362	236	3 880	3 340	1 727	2 010	314	654	32	21
							4	11		
	362	236	3 880	3 340	1 727	2 010	317	595	32	68

		2016 Rm	2015 Rm
2.	**Revenue**		
	Sale of goods	**48 454**	45 410
	Rendering of services	**11 213**	10 555
	Rentals received	**5 925**	5 880
	Other	**955**	875
	Total group	**66 547**	62 720
	Value of business handled on behalf of customers but not recognised in revenue	**3 142**	2 761
3.	**Operating profit**		
	Operating profit is arrived at as follows:		
	Revenue	**66 547**	62 720
	Less: Net expenses	**62 412**	58 725
	Cost of sales	**51 934**	49 054
	Other operating costs	**10 478**	9 671
	Total group	**4 135**	3 995
	Expenses include the following:		
	Amortisation of intangible assets in terms of IFRS 3 Business Combinations	**22**	38
	Operating lease charges	**1 283**	1 156
	Land and buildings	**571**	486
	Plant, vehicles and equipment	**713**	671
	Auditors' remuneration	**69**	66
	Audit fees	**63**	61
	Fees for other services	**6**	5
	Staff costs (excluding directors' emoluments)	**9 522**	8 909
	Loss on disposal of other plant and equipment	**69**	42
	Amounts recognised in respect of retirement benefit plans (note 24):		
	Defined contribution funds	**845**	800
	Defined benefit funds	**17**	20

		2016 Rm	2015 Rm
4.	**Fair value adjustments on financial instruments**		
	Included in operating profit as valuation of insurance companies	**(14)**	6
	Disclosed in income statement as fair value adjustments on financial instruments	**(209)**	(198)
	Total group	**(223)**	(192)
	Per category:		
	Financial assets/liabilities at fair value through profit or loss:		
	– Designated as such at initial recognition	**(14)**	6
	– Held-for-trading items	**(170)**	(62)
	Loans and receivables	**(17)**	(151)
	Financial liabilities measured at amortised cost	**(22)**	15
	Total group	**(223)**	(192)
	Fair value adjustments on financial instruments include:		
	Ineffectiveness recognised in profit or loss arising from cash flow hedges	**37**	31
5.	**Finance costs**		
	Interest on financial liabilities not at fair value through profit or loss:		
	Corporate bonds and other long-term borrowings	**(701)**	(502)
	Bank and other short-term borrowings	**(375)**	(520)
	Floor plan	**(70)**	(45)
	Defined benefit plan	**(69)**	(66)
	Capitalised finance leases	**(131)**	(120)
		(1 346)	(1 253)
	Interest capitalised		1
	Total group	**(1 346)**	(1 252)
6.	**Income from investments**		
	Dividends – listed and unlisted investments	**31**	28
	Interest on financial assets not at fair value through profit or loss	**113**	67
	Total group	**144**	95
	Included in operating profit as dividends received from insurance companies	**31**	28
	Disclosed in income statement as income from investments	**113**	67
	Total group	**144**	95
7.	**Non-operating and capital items**		
	Profit/(loss) on disposal of investments and subsidiaries	**168**	(4)
	Impairment of goodwill**	**(15)**	(33)
	(Impairment)/reversal of investments	**(37)**	2
	Profit on disposal of property and other assets	**10**	35
	Impairment of property, plant and equipment, intangibles and other assets**	**(6)**	(6)
	Gross non-operating and capital items	**120**	(6)
	Rate change of amounts excluded from headline earnings		(13)
	Taxation charge on non-operating and capital profit	**(10)**	(1)
	Net non-operating and capital items	**110**	(20)

*** Refer notes 10 and 11 for an explanation of the assumptions and circumstances underlying the impairments.*

		2016 Rm	2015 Rm
8.	**Taxation**		
	South African normal taxation		
	Current year	**(396)**	(364)
	Prior year	**(1)**	(14)
		(397)	(378)
	Foreign and withholding taxation		
	Current year	**(532)**	(294)
	Prior year	**(19)**	(8)
		(551)	(302)
	Deferred taxation		
	Current year	**175**	(202)
	Prior year	**(42)**	104
	Attributable to a change in the rate of income tax	**5**	(30)
		138	(128)
	Total group	**(809)**	(808)

	2016 %	2015 %
South Africa normal taxation rate	**28.0**	28.0
Reduction in rate of taxation	**(8.5)**	(17.8)
Learnership and other tax allowances and incentives	**(0.6)**	(1.2)
Gain on rental assets and other capital profits	**(3.1)**	(3.0)
External dividends and cell captive dividends received	**(0.3)**	(0.4)
B-BBEE costs	**(0.5)**	
Other exempt income	**(0.6)**	(1.2)
Tax losses of prior periods		(1.9)
Foreign exchange	**(0.1)**	(8.3)
Prior year taxation		(1.8)
IAS 12.41 adjustment	**(3.3)**	
Increase in rate of taxation	**9.4**	24.1
B-BBEE costs		2.4
Depreciation and amortisation	**0.6**	0.7
Payroll-related expenses not deductible	**0.5**	0.3
Loss on sale of fixed assets and investments	**0.2**	0.5
Other disallowable	**1.6**	0.8
Exceptional tax	**(1.4)**	0.3
Foreign tax differential	**5.7**	5.8
IAS 12.41 adjustment		10.5
Rate change adjustment	**(0.2)**	0.9
Prior year charges	**2.2**	
Current year tax losses not utilised	**0.2**	1.9
Taxation as a percentage of profit before taxation	**28.9**	34.3
Taxation (excluding prior year taxation and exceptional taxation) as a percentage of profit before taxation (excluding non-operating and capital items)	**27.4**	37.1

		2016 Rm	2015 Rm
8.	**Taxation** continued		
	Group tax losses at end of year:		
	South African – taxation losses	**(499)**	(412)
	Foreign – taxation losses	**(2 937)**	(2 302)
		(3 437)	(2 714)
	Utilised to reduce deferred taxation liabilities or create deferred taxation assets	**1 373**	1 088
	Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation	**(2 064)**	(1 626)
	The losses for which no deferred taxation asset has been raised are as follows:		
	Barloworld Handling US Group	**(728)**	(580)
	Barloworld Spanish Group	**(1 135)**	(858)
	Agriculture Siberia	**(184)**	(184)
	Avis Fleet	**(17)**	
	Barloworld Logistics Africa		(4)
		(2 064)	(1 626)

The taxation losses in Barloworld Handling US Group expire in the 2026 financial year.

The taxation losses in Agriculture Siberia expire in the 2023 financial year.

In relation to all the other losses listed above, there is no expiry date, or limit of carry forward, provided that the businesses continue trading.

		2016	2015
9.	**Earnings and headline earnings per share**		
9.1	**Fully converted weighted average number of shares**		
	Weighted average number of ordinary shares (net of share buy-back)	**211 425 210**	211 843 282
	Increase in number of shares as a result of unexercised share options and unvested forfeitable shares	**547 548**	693 911
	Fully converted weighted average number of shares	**211 972 758**	212 537 193
	Account is taken of the number of ordinary shares in issue for the period in which they are entitled to participate in the net profit of the group.	**Rm**	Rm
	Net profit for the year attributable to shareholders of Barloworld Limited	**1 883**	1 713

		2016	2015	2016 Cents	2015 Cents
9.2	**Earnings per share**				
	Basic				
	The weighted average number of ordinary shares	**211 425 210**	211 843 282		
	Earnings per share (basic)			**890.5**	808.7
	Earnings per share – excluding B-BBEE charge			**890.5**	920.4
	Diluted				
	Fully converted weighted average number of shares (note 9.1)	**211 972 758**	212 537 193		
	Earnings per share (diluted)			**888.2**	806.1
	Earnings per share – excluding B-BBEE charge			**888.2**	917.4
	Percentage dilution	**0.3**	0.3		
	Percentage dilution – excluding B-BBEE charge	**0.3**	0.3		

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for the year ended 30 September

		2016 Rm	2015 Rm
9.	**Earnings and headline earnings per share** continued		
9.3	**Headline earnings per share**		
	Basic		
	Profit for the year attributable to Barloworld Limited shareholders	**1 883**	1 713
	Adjusted for the following:		
	Gross remeasurements excluded from headline earnings	**(121)**	(4)
	(Profit)/loss on disposal of subsidiaries and investments (IFRS 10)	**(168)**	4
	Profit on disposal of property and other assets (IAS 16)	**(10)**	(35)
	Impairment of goodwill (IFRS 3)	**15**	33
	Impairment/(reversal) of investments in associates and joint ventures (IAS 36)	**37**	(2)
	Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets	**6**	6
	(Profit)/loss on sale of plant and equipment excluding rental assets (IAS 16)	**(1)**	(10)
	Taxation effects of remeasurements	**10**	14
	Rate change of amounts excluded from headline earnings		13
	Taxation on profit of disposal of subsidiaries	**10**	
	Taxation benefit on impairment of plant and equipment (IAS 16) and intangible assets (IAS 38)		1
	Net remeasurements excluded from headline earnings	**(111)**	11
	Headline earnings	**1 772**	1 724
	B-BBEE charge net of taxation		237
	Headline earnings excluding B-BBEE charge	**1 772**	1 960

	2016	2015	2016 Cents	2015 Cents
Basic				
Weighted average number of ordinary shares	**211 425 210**	211 843 282		
Headline earnings per share (basic)			**838.1**	813.8
Headline earnings per share (basic) excluding B-BBEE charge			**838.1**	925.5
Diluted				
Fully converted weighted average number of shares (note 9.1)	**211 972 758**	212 537 193		
Headline earnings per share (diluted)			**836.0**	811.1
Headline earnings per share (diluted) excluding B-BBEE charge			**836.0**	922.3
Percentage dilution	**0.2**	0.3		
Percentage dilution excluding B-BBEE	**0.3**	0.4		

	2016					
	Freehold and leasehold land and buildings	Plant, equipment and furniture	Vehicles	Rental assets vehicles**	Rental assets equipment**	Total
	Rm	Rm	Rm	Rm	Rm	Rm
10. Property, plant and equipment						
Cost						
At 1 October	5 922	2 930	2 439	8 251	3 791	23 333
Subsidiaries acquired	218	60	203			481
Other additions	414	305	259	5 539	855	7 372
Subsidiaries disposed		(13)	(2)			(15)
Other disposals and reclassification	(18)	(273)	(300)	(5 057)	(1 486)	(7 134)
Translation differences	(9)	(11)	(1)	(116)	7	(130)
At 30 September	6 527	2 998	2 598	8 617	3 167	23 907
Accumulated depreciation and impairment						
At 1 October	1 116	2 003	886	1 674	781	6 460
Depreciation	138	282	229	1 407	370	2 426
Subsidiaries acquired	(0)	35	70			105
Subsidiaries disposed		(9)				(9)
Other disposals and reclassification	(1)	(86)	(159)	(1 201)	(322)	(1 769)
Impairment^^	6	1	2		16	25
Translation differences	(5)	(13)	(2)	(55)	(3)	(78)
At 30 September	1 254	2 213	1 026	1 825	842	7 160
Carrying amount						
At 30 September	5 273	785	1 573	6 792	2 325	16 747
Less: Vehicle rental fleet assets reflected under current assets				2 789		2 789
Other assets classified as held for sale (note 20)	12	4	16		120	152
Balance reflected as property, plant and equipment	5 261	781	1 557	4 003	2 205	13 806
Net book value of capitalised leases included in above balance	337	9	575			921

^^ *The impairment in 2016 relates to the impairment of equipment rental assets. The recoverable amount was calculated based on fair value less costs to sell. The fair value was determined to be a level 2 (note 31.1.2).*

	2015					
	Freehold and leasehold land and buildings	Plant, equipment and furniture	Vehicles	Rental assets vehicles**	Rental assets equipment**	Total
	Rm	Rm	Rm	Rm	Rm	Rm
10. Property, plant and equipment continued						
Cost						
At 1 October	5 055	2 597	2 223	7 626	3 305	20 819
Subsidiaries acquired	18	41	(7)	103		155
Other additions	451	364	546	5 283	2 022	8 672
Subsidiaries disposed		(30)				(30)
Other disposals and reclassification	(25)	(209)	(403)	(4 769)	(1 702)	(7 113)
Translation differences	410	167	81	9	165	833
At 30 September	5 922	2 930	2 439	8 251	3 791	23 336
Accumulated depreciation and impairment						
At 1 October	934	1 814	827	1 582	728	5 885
Depreciation	118	238	236	1 348	414	2 354
Subsidiaries acquired		16	(7)	48		58
Subsidiaries disposed		(20)				(20)
Other disposals and reclassification	(10)	(163)	(227)	(1 302)	(413)	(2 115)
Impairment^^	(3)					(3)
Translation differences	73	119	56	(1)	52	299
At 30 September	1 116	2 003	886	1 674	781	6 460
Carrying amount						
At 30 September	4 806	927	1 553	6 577	3 009	16 873
Less: Vehicle rental fleet assets reflected under current assets				2 488		2 488
Other assets classified as held for sale (note 20)		4	1			5
Balance reflected as property, plant and equipment	4 806	923	1 552	4 089	3 009	14 380
Net book value of capitalised leases included in above balance	367	165	639			1 171

	2016	2015
Rental asset disclosures**	**Rm**	Rm
Future minimum lease receivables under non-cancellable operating leases (excluding Avis Fleet):		
Within one year	**68**	173
Two to five years	**108**	188
More than five years	**19**	70
	195	431
Future minimum lease receivables under non-cancellable operating leases for Avis Fleet Services:		
Within one year	**957**	932
Two to five years	**810**	894
More than five years	**1**	1
	1 768	1 827

10. Property, plant and equipment continued

Equipment rental assets include materials handling equipment rented to customers in South Africa and capital equipment in southern Africa, Iberia and Russia.

Vehicle rental assets include long-term fleet in southern Africa leased to customers for periods in excess of 12 months with an average lease term of 42 months (2015: 42 months) and an average residual value of 48% (2015: 48%).

Refer note 1 for a segmental analysis of impairment losses and reversals.

	2016 Rm	2015 Rm
11. Goodwill		
Cost		
At 1 October	**2 540**	2 485
Subsidiaries acquired	**290**	92
Subsidiaries disposed	**(478)**	(66)
Classified as held for sale		(29)
Translation differences	**(1)**	57
At 30 September	**2 351**	2 540
Accumulated impairment losses		
At 1 October	**800**	824
Subsidiaries disposed	**(478)**	(66)
Impairment	**15**	33
Classified as held for sale		
Translation differences	**(1)**	9
At 30 September	**336**	800
Carrying amount		
At 30 September	**2 015**	1 740

Goodwill is allocated to the following cash-generating units for impairment testing purposes:

Significant cash-generating units (CGUs)	Geographical location	Reportable segment to which the CGU belongs	Carrying amount of goodwill 2016 Rm	 2 015 Rm
Avis Rent a Car southern Africa	South Africa	Car Rental southern Africa	**791**	791
Avis Fleet Services southern Africa	South Africa	Leasing	**281**	282
Equipment Russia	Russia	Equipment	**198**	199
Other^	Various	Various	**745**	468
			2015	1 740

^ *The aggregate of the remaining individual immaterial goodwill balances consists of 21 CGUs in 2016 (2015: 20).*

11. Goodwill continued

Goodwill is allocated to the appropriate CGUs according to the type of business and where it operates. External and internal factors surrounding the business operations play a role in determining an indication of impairment. In addition, the carrying amount of goodwill is subject to an annual impairment test.

Impairment of goodwill arises when the recoverable amount of the CGU, including goodwill, is less than the carrying value. The recoverable amount is determined as the greater of the fair value less costs to sell or the value in use. In most instances, it is difficult to use the fair value less costs to sell, as a reliable estimate is not easily obtainable in determining the recoverable amount. Therefore the value-in-use method is used to assess the goodwill for impairment.

The key assumptions used in the value-in-use calculation for the CGUs shown above are as follows:

A discounted cash flow valuation model is applied using a five-year strategic plan as approved by management. The financial plans are the quantification of strategies derived from the use of a common strategic planning process followed across the group. The process ensures that all significant risks and sensitivities are appropriately considered and factored into strategic plans.

The discount rate applied to the forecast period has been outlined for each CGU in the table below. Discount rates applied to cash flow projections are based on a country or region-specific discount rate, dependent upon the location of cash-generating segment operations.

The pre-tax nominal discount rates applied are as follows:

	Geographical location	Currency	2016	2015
Significant CGUs				
Avis Rent a Car southern Africa	South Africa	ZAR	**15.0%**	12.9%
Avis Fleet Services southern Africa	South Africa	ZAR	**23.9%**	21.0%
Equipment Russia	Russia	USD	**13.9%**	12.4%
Other^	Various	Various	**13.9% to 23.6%**	9.3% to 21.2%

Long-term growth rates applied to extrapolate cash flows are as follows:

	Geographical location	Currency	2016	2015
Significant CGUs				
Avis Rent a Car southern Africa	South Africa	ZAR	**5.0%**	5.0%
Avis Fleet Services southern Africa	South Africa	ZAR	**5.0%**	5.0%
Equipment Russia	Russia	USD	**2.0%**	2.0%
Other^	Various	Various	**2.0% to 5.0%**	2.0% to 5.0%

^ *The aggregate of the remaining individual immaterial goodwill balances consists of 21 CGUs in 2016 (2015: 20).*

11. Goodwill continued

Other key assumptions applied

Inflation rate and GDP growth rate forecasts

Forecast inflation and real GDP growth during the forecast period for the countries from which revenue is derived, expenses are incurred, and inventory is purchased are consistent with external sources and shown below:

Real GDP growth (%)	2017	2018	2019	2020	2021
South Africa	1.5%	2.2%	2.5%	2.5%	2.5%
United States of America	2.3%	2.3%	2.3%	2.3%	2.3%
United Kingdom	2.3%	2.3%	2.3%	2.3%	2.3%
Russia	1.5%	1.5%	1.5%	1.5%	1.5%
Angola	3.9%	4.3%	4.7%	4.7%	4.7%
Botswana	4.2%	4.5%	4.9%	4.9%	4.9%
Mozambique	6.5%	7.3%	7.6%	7.6%	7.6%
Namibia	5.4%	4.6%	4.6%	4.6%	4.6%
Tanzania	6.8%	6.8%	6.8%	6.8%	6.8%
Zambia	5.8%	6.4%	6.4%	6.4%	6.4%

Inflation (% annual average)	2017	2018	2019	2020	2021
South Africa	6.3%	5.7%	5.5%	5.5%	5.5%
United States of America	2.0%	2.0%	2.0%	2.0%	2.0%
United Kingdom	2.0%	2.0%	2.0%	2.0%	2.0%
Russia	4.0%	4.0%	4.0%	4.0%	4.0%
Angola	12.0%	10.0%	9.4%	9.4%	9.4%
Botswana	4.4%	4.7%	5.0%	5.0%	5.0%
Mozambique	5.5%	5.0%	4.9%	4.9%	4.9%
Namibia	5.4%	5.7%	5.4%	5.4%	5.4%
Tanzania	6.0%	5.8%	5.8%	5.8%	5.8%
Zambia	16.9%	14.4%	14.4%	14.4%	14.4%

11. Goodwill continued

Exchange rate forecasts

Exchange rates applied over the forecast period are consistent with external sources and shown below:

Exchange rates	2017	2018	2019	2020	2021
USD/ZAR (average)	15.87	16.45	17.00	17.58	18.17
GBP/ZAR (average)	23.49	24.09	24.91	25.75	26.62
EUR/ZAR (average)	17.46	18.91	19.72	20.39	21.26

Any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the CGU's carrying amount to exceed its recoverable amount.

The impairments relate to the following CGUs:

	Geographical location	Reportable segment to which the CGU belong	2016 Rm	2015 Rm
Tanzuk	Tanzania	Leasing	**15**	
Sea Air and Middle East	United Arab Emirates and Germany	Logistics		33
Total			**15**	33

The 2016 impairment loss pertaining to Avis Fleet Tanzuk was based on the value in use. The impairment was processed mainly due to lower fleet utilisation.

The 2015 impairment loss pertaining to Logistics Sea Air and Middle East Germany was based on fair value less cost to sell, which was based on the contractually agreed price less costs to exit. The Sea Air component of the CGU was sold for €1, and as such, the entire amount of goodwill was impaired within the business. The level of fair value hierarchy applied by Barloworld was level 3, in line with the group descriptions outlined in note 31.1.2.

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for the year ended 30 September

	2016					2015				
	Capitalised software	Patents, trademarks, development costs	Supplier relationships	Customer relationships, order backlog	Total intangible assets	Capitalised software	Patents, trademarks, development costs	Supplier relationships	Customer relationships, order backlog	Total intangible assets
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
12. Intangible assets										
Cost										
At 1 October	1 183	128	1 234	126	2 671	1 044	134	1 060	118	2 356
Subsidiaries acquired	36	17	76	76	204	7	2	6	19	35
Other additions	115	25			141	141	23			164
Subsidiaries disposed	(161)				(161)	(15)				(15)
Other disposals	(34)			(17)	(51)	(32)	(30)		(14)	(77)
Other reclassification	7	(3)	(1)	1	4	(1)	(2)			(3)
Translation differences	7		(5)	2	5	39	1	168	3	211
At 30 September	1 155	166	1 304	187	2 813	1 183	128	1 234	126	2 672
Accumulated amortisation and impairment										
At 1 October	756	98	162	60	1 076	690	119	112	56	977
Charge for the year	79	12	3	19	113	85	6	22	16	129
Subsidiaries acquired	6	2			8					
Subsidiaries disposed	(52)				(52)	(11)				(11)
Other disposals	(33)			(17)	(50)	(31)	(30)		(14)	(76)
Other reclassification							2	1	(1)	2
Translation differences	3		(1)	2	4	22	1	27	3	54
At 30 September	759	112	164	64	1 099	756	98	162	60	1 075
Carrying amount										
At 30 September	395	54	1 140	123	1 715	427	31	1 073	66	1 597
Less amounts classified as held for sale	(2)				(2)	(97)				(97)
Total group	393	54	1 140	123	1 713	330	31	1 073	66	1 500

12. Intangible assets continued

Significant intangible assets

The group acquired intangible assets at an initial cost of R76 million (2015: R6.3 million) with indefinite useful lives.

A detailed breakdown of the carrying value of intangible assets with an indefinite life has been shown below.

Significant CGUs	Category/class of intangible assets	2016 Rm	2015 Rm
Equipment Russia	Supplier relationship	**172**	173
Equipment South Africa	Supplier relationship	**277**	277
Equipment southern Africa (excluding South Africa)	Supplier relationship	**580**	583
Other	Supplier relationship	**111**	39
Total indefinite life intangible		**1 140**	1 073
Intangible assets with finite useful lives	Supplier relationship	**1**	
Total carrying value		**1 141**	1 073

The above indefinite life intangible assets are tested annually for impairment, using the valuation techniques outlined in note 11.

The pre-tax nominal discount rate applied as well as the long-term growth rates applied to extrapolate cash flows have been shown below.

The pre-tax nominal discount rates applied are as follows:

Significant CGUs	Geographical location	Currency	2016 %	2015 %
Equipment Russia	Russia	USD	**13.9%**	12.4%
Equipment South Africa	South Africa	ZAR	**18.1%**	16.2%
Equipment southern Africa	Rest of Africa	USD	**13.9%**	12.3%
Other	South Africa	ZAR	**16.2% to 16.6%**	15.2% to 15.4%

Long-term growth rates applied to extrapolate cash flows are as follows:

Significant CGUs	Geographical location	Currency	2016 %	2015 %
Equipment Russia	Russia	USD	**2.0%**	2.0%
Equipment South Africa	South Africa	ZAR	**5.0%**	4.5%
Equipment southern Africa	Rest of Africa	USD	**2.0%**	2.0%
Other	South Africa	ZAR	**5.0%**	5.0%

Refer to note 11 for information regarding the other key assumptions used as well as detail on the valuation method applied in relation to the valuation of the CGUs.

The Equipment southern Africa, South Africa and Russia indefinite life intangible assets classified as supplier relationship are in relation to a dealer agreement. The indefinite useful life is supported by Barloworld's long-standing relationship with Caterpillar Incorporated (CAT), as the exclusive CAT mining equipment dealer in South Africa, southern Africa and parts of Russia.

		(Loss)/income from joint venture		Carrying value of the investment	
		2016	2015	**2016**	2015
		Rm	Rm	**Rm**	Rm
13.	**Investment in associates and joint ventures**				
	Associates	**(27)**	27	**277**	333
	Joint ventures	**2**	260	**646**	590
	Total per income statement/statement of financial position	**(25)**	287	**923**	923

Details of material joint ventures

Details of material joint ventures at the end of the reporting period are as follows:

Name of joint venture	Principal activity	Place of incorporation	Proportion of ownership interest and voting rights held by the group **2016**	2015
Bartrac Equipment Limited	Caterpillar dealer	Mauritius	**50%**	50%

The joint venture operates in Mauritius and the DRC.

Summarised financial information in respect of the group's material joint venture is set out on the following page. The summarised financial information represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS.

		2016 Rm	2015 Rm
13.	**Investment in associates and joint ventures** continued		
	Bartrac Equipment Limited		
	Cash and cash equivalents	**43**	43
	Total current assets	**864**	1 547
	Non-current assets	**814**	538
	Current financial liabilities (excluding trade and other payables and provisions)		47
	Total current liabilities	**394**	788
	Non-current financial liabilities (excluding trade and other payables and provisions)	**94**	41
	Total non-current liabilities	**94**	41
	Revenue	**2 802**	3 583
	Dividends received by the joint venture or associate		380
	Depreciation and amortisation	**(79)**	(82)
	Interest income		1
	Income tax expense or income	**(40)**	(70)
	Net profit after tax	**25**	520
	Total comprehensive income	**25**	520
	Reconciliation of the carrying amount of the interest in Bartrac recognised in the consolidated financial statements		
	Original cost	**38**	38
	Equity accounted earnings to date	**975**	962
	Dividends	**(646)**	(646)
	Foreign currency translation	**228**	207
	Carrying amount of the group's interest in Bartrac	**595**	561
	Aggregate information of joint ventures that are not individually material:		
	Group's share of losses	**(11)**	(5)
	Group's share of other comprehensive income	**(11)**	(5)

Reconciliation of income statement/ statement of financial position	Income/(loss) from joint venture 2016 Rm	Income/(loss) from joint venture 2015 Rm	Carrying value of the investment 2016 Rm	Carrying value of the investment 2015 Rm
Bartrac Equipment Limited	**13**	265	**595**	561
Aggregate (loss)/carrying value of non-material joint ventures^	**(11)**	(5)	**51**	29
Total carrying value of joint ventures	**2**	260	**646**	590

^ *Included in the carrying value of joint ventures that are not individually material is Electro Motive Diesel Africa (Pty) Limited, in which Barloworld has a 51% shareholding, but Barloworld does not control the board.*

All of the associates and joint ventures are incorporated and operational in South Africa, except:

Name of the associate	Principal activity	Place of incorporation	Year end
Barzem Enterprises (Pty) Limited	Caterpillar dealer	Zimbabwe	31 August*
Energyst BV	Caterpillar engines rental	The Netherlands	31 December*
Bartrac Equipment Limited	Caterpillar dealer	Mauritius	30 September
Africa United Equipment	Liaison office	Hong Kong	31 December*
Marine Integrated Solutions	Marine engineering services	Spain	30 September
Zimplow Holdings	Agriculture and mining services	Zimbabwe	31 March*

* *The different year ends of the associates and joint ventures listed above do not have a material impact on the results.*

Notes to the consolidated financial statements continued

for the year ended 30 September

		2016 Rm	2015 Rm
14.	**Finance lease receivables**		
	Amounts receivable under finance leases:		
	Gross investment	**433**	455
	Less: Unearned finance income	**(54)**	(55)
	Present value of minimum lease payments receivable	**379**	400
	Receivable as follows:		
	Present value		
	Within one year (note 18)	**232**	258
	In the second to fifth year inclusive	**147**	142
		379	400
	Minimum lease payments		
	Within one year	**247**	280
	In the second to fifth year inclusive	**186**	175
		433	455
	Less: Unearned finance income	**(54)**	(55)
		379	400
	Fair value of finance lease receivables	**379**	400
	Unguaranteed residual values of assets leased under finance leases	**27**	27
	Long-term vehicle fleet is leased to customers for periods ranging from 24 to 60 months. The average lease term is 51 months and the majority of these leases are at interest rates linked to the South African prime rate. The weighted average interest rate on lease receivables for the year 30 September 2016 was 11% per annum (2015: 10%).		
15.	**Long-term financial assets**		
	Unlisted investments at fair value	**44**	60
	Unlisted debt instruments*	**302**	326
	Other receivables	**81**	25
	Other non-current loans and deposits	**21**	27
	Total per statement of financial position	**448**	438

* *The group invested in US Dollar linked Angolan government bonds. These Kwanza denominated bonds are pegged to the US Dollar. On maturity, the bonds will be settled in Kwanza. The long-term bonds mature in the 2018 financial year.*

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		2016 Rm	2015 Rm
16.	**Deferred taxation**		
	Movement of deferred taxation		
	Balance at beginning of year		
	Deferred taxation assets	**783**	695
	Deferred taxation liabilities	**(571)**	(377)
	Net asset at beginning of year	**212**	318
	Recognised in income statement this year	**138**	(128)
	Current movements	**133**	(98)
	Rate change adjustment	**5**	(30)
	Arising on acquisition and disposal of subsidiaries	**(62)**	(21)
	Translation differences	**(59)**	40
	Accounted for directly in other comprehensive income	**237**	1
	Other movements	**(42)**	1
	Net asset at end of year	**424**	212
	Deferred taxation assets	**1 127**	783
	Deferred taxation liabilities	**(703)**	(571)
	Analysis of deferred taxation by type of temporary difference		
	Deferred taxation assets		
	Capital allowances	**(264)**	(70)
	Provisions and payables	**436**	132
	Prepayments and other receivables	**82**	80
	Effect of tax losses	**327**	246
	Retirement benefit obligations	**539**	416
	Other temporary differences	**6**	(20)
		1 127	783
	Deferred taxation liabilities		
	Capital allowances	**(922)**	(998)
	Provisions and payables	**101**	501
	Prepayments and other receivables	**93**	(134)
	Effect of tax losses	**14**	55
	Retirement benefit obligations		
	Other temporary differences	**11**	5
		(703)	(571)

The Spanish tax grouping has incurred taxation losses which have given rise to a deferred taxation asset of R192 million which has remained constant from the prior year. The grouping does not have sufficient temporary differences which would give rise to deferred tax liabilities but the tax grouping has recognised a deferred taxation asset based on actions already taken within the businesses which have reduced the cost base to allow the tax grouping to operate profitably. The continuing businesses of the Spanish tax jurisdiction were profitable in 2015 and 2016 and are expected to continue to be profitable.

Notes to the consolidated financial statements continued

for the year ended 30 September

		2016 Rm	2015 Rm
17.	**Inventories**		
	Work in progress	**493**	598
	Finished goods	**5 143**	6 891
	Merchandise	**5 231**	6 218
	Other inventories	**100**	92
		10 967	13 799
	Amounts classified as held for sale	**(650)**	(32)
	Total per statement of financial position	**10 317**	13 767
	The value of inventories has been determined on the following bases:		
	First-in first-out and specific identification	**9 162**	12 304
	Weighted average	**1 155**	1 463
		10 317	13 767
	The secured liabilities are included under trade and other payables (note 25)		
	Inventories encumbered under the floorplan facilities	**1 585**	1 285
	Amount of write-down of inventory to net realisable value and losses of inventory	**272**	166
	Amount of reversals of inventory previously written down	**35**	17
18.	**Trade and other receivables**		
	Trade receivables	**7 287**	7 853
	Less: Allowance for doubtful receivables	**(686)**	(638)
	Finance lease receivables (note 14)	**232**	258
	Fair value of derivatives	**2**	139
	Unlisted debt instruments*	**402**	41
	Other receivables and prepayments	**1 613**	1 698
		8 850	9 351
	Amounts classified as held for sale (note 20)	**(24)**	(20)
	Total per statement of financial position	**8 826**	9 331
	** The group invested in US Dollar linked Angolan government bonds. These Kwanza denominated bonds are pegged to the US Dollar. On maturity, the bonds will be settled in Kwanza. The short-term bonds mature in the 2017 financial year.*		
	Allowance for doubtful receivables		
	At 1 October	**638**	459
	Additional allowance charged to profit or loss	**197**	267
	Allowance reversed to profit or loss	**(77)**	(53)
	Allowance utilised	**(67)**	(60)
	Acquisition of subsidiaries	**4**	2
	Translation	**(8)**	23
	At 30 September	**686**	638

Receivables are reviewed for impairment on an individual basis and factors considered include the nature and credit quality of counterparties as well as disputes regarding price, delivery, quality and authorisation of work done.

		2016 Rm	2015 Rm
18.	**Trade and other receivables** continued		
	Age analysis of carrying value of items past due but not impaired per class		
	Industry		
	Less than 30 days	**296**	451
	Between 31 – 60 days	**422**	476
	Between 60 – 90 days	**162**	146
	Greater than 90 days	**352**	400
		1 232	1 473
	Government		
	Less than 30 days	**22**	51
	Between 31 – 60 days	**28**	31
	Between 60 – 90 days	**22**	54
	Greater than 90 days	**33**	11
		104	147
	Consumers		
	Less than 30 days	**55**	70
	Between 31 – 60 days	**15**	43
	Between 60 – 90 days	**10**	21
	Greater than 90 days	**49**	127
		129	261
	Carrying value of financial assets ceded as collateral for liabilities or contingent liabilities	**76**	59
	The accounts receivable of certain legal entities within the Barloworld Logistics Transport Group have been ceded to Standard Bank as security for working capital facilities granted.		
19.	**Cash and cash equivalents**		
	Cash on deposit	**2 177**	1 837
	Other cash and cash equivalent balances	**851**	535
		3 028	2 372
	Per currency:		
	South African Rand	**906**	1 060
	Foreign currencies	**2 122**	1 312
		3 028	2 372
	Cash balances not available for use due to insurance reserving and foreign exchange restrictions	**580**	337
	This includes R516 million ($37.5 million) of Angolan Kwanza.		

20. Assets classified as held for sale

The major classes of assets and liabilities classified as held for sale are as follows:

	Total held for sale	Handling[1]	Logistics
	Rm	Rm	Rm
2016			
Property, plant and equipment	**152**	**137**	**15**
Intangible assets	**2**	**2**	
Inventories	**650**	**650**	
Trade and other receivables*	**24**	**24**	
Assets classified as held for sale	**828**	**813**	**15**
Trade and other payables – short and long term**	**(67)**	**(67)**	
Total liabilities associated with assets classified as held for sale	**(67)**	**(67)**	
Net assets classified as held for sale	**761**	**746**	**15**

[1] *The assets held for sale relate to the net assets of the Handling South Africa and Agriculture South Africa operations, which are in the process of being sold into a joint venture (note 38).*

* *Include financial assets of R7.3 million.*

** *Include financial liabilities measured at amortised cost of R3.6 million.*

	Total held for sale	Handling[1]	Logistics[2]
	Rm	Rm	Rm
2015			
Property, plant and equipment	5	4	1
Goodwill	29	11	18
Intangible assets	97	1	96
Inventories	32	32	
Trade and other receivables*	20	20	
Cash balances	14	14	
Assets classified as held for sale	197	82	115
Trade and other payables – short and long term**	(42)	(8)	(34)
Provisions	(1)	(1)	
Total liabilities associated with assets classified as held for sale	(43)	(9)	(34)
Net assets classified as held for sale	154	73	81

[1] *The assets held for sale relate to the net assets of the Agriculture Zambia operation, which were sold in January 2016.*

[2] *Held for sale included the South African, UK and US Supply Chain Software businesses within Barloworld Logistics which were sold in December 2015.*

* *Include financial assets of R20 million.*

** *Include financial liabilities measured at amortised cost of R6 million.*

		2016 Rm	2015 Rm
21.	**Share capital and premium**		
	Authorised share capital		
	500 000 6% non-redeemable cumulative preference shares of R2 each	**1**	1
	400 000 000 (2015: 400 000 000) ordinary shares of 5 cents each	**20**	20
		21	21
	Issued share capital		
	375 000 6% non-redeemable cumulative preference shares of R2 each (2015: 375 000)	**1**	1
	212 692 583 ordinary shares of 5 cents each (2015: 226 727 596)	**11**	12
		12	13
	Share premium:	**429**	269
	Balance at beginning of year	**269**	303
	Premium on share issues	**286**	
	Premium on share buy-back	**(126)**	(34)
	Total issued share capital and premium	**441**	282
	Issued shares:		
	Total number of shares in issue at beginning of year excluding B-BBEE shares	**212 134 553**	212 584 553
	Issued during the year:		
	Share buy-back during the year (note 4)	**(1 590 622)**	(450 000)
	Total number of ordinary shares in issue at end of year, excluding B-BBEE shares	**210 543 931**	212 134 553
	Other shares issued in respect of B-BBEE transaction (note 5)	**2 148 652**	14 593 043
	Total number of ordinary shares in issue at end of year, including B-BBEE shares	**212 692 583**	226 727 596
	Treasury shares	**(1 706 723)**	(783 585)
	Net number of ordinary shares in issue at end of year	**210 985 860**	225 944 011
	Unissued shares:		
	Ordinary shares reserved to meet the requirements of the Barloworld Share Option Scheme (note 1)	**23 129 182**	23 129 182
	Ordinary shares	**164 178 235**	150 143 222
		187 307 417	173 272 404
	6% non-redeemable cumulative preference shares	**125 000**	125 000

Notes

1. The members at the general meeting on 20 January 2005 reserved shares for the purposes of the Barloworld Share Option Scheme.
2. The directors have a general authority to buy back up to 5% of the ordinary shares issued by the company.
3. Refer note 32 for details about the Barloworld share incentive schemes and share-based payments disclosure.
4. The members were informed in the general meeting on 19 June 2015 that the company intends to repurchase on the open market such number of Barloworld shares as is equal to the Barloworld shares subscribed to by the strategic black partners and community service group participants to the 2008 B-BBEE transactions. 1 590 622 shares have been bought back during November 2015 at R179.1 per share for R125.7 million.
5. Opening balances of shares issued in respect of B-BBEE transaction

Opening balances of shares issued in respect of B-BBEE transaction	14 593 043
Shares repurchased and cancelled	(14 485 013)
Shares subscribed for at R179.6 per share	1 590 622
Shares subscribed for at par	450 600
	2 148 652

		2016 Rm	2015 Rm
22.	**Interest-bearing liabilities**		
	Total long-term borrowings (note 31.2)*	**9 266**	10 945
	Less: Current portion redeemable and repayable within one year (note 26)	**(887)**	(1 871)
	Interest-bearing liabilities	**8 379**	9 074

	Total owing	Repayable during the year ending 30 September					Total owing
	2016	**2017**	**2018**	**2019**	**2020**	**2021 and onwards**	2015
Summary of group borrowings by currency and by year of redemption or repayment							
Rm							
Total SA Rand	**8 924**	794	1 231	2 831	1 912	2 156	10 216
US Dollar							5
UK Sterling							456
Euro	**25**	8	8	7	2		34
Other	**317**	85	232				234
Total foreign currencies	**342**	93	240	7	2		729
Total SA Rand and foreign currency liabilities	**9 266**	887	1 471	2 838	1 914	2 156	10 945

	Liabilities secured		Net book value of assets encumbered	
	2016	2015	**2016**	2015
Included above are secured liabilities as follows:	**Rm**	Rm	**Rm**	Rm
Secured liabilities				
Secured loans				
South African Rand	**177**	176	**436**	113
Foreign currencies	**8**	8	**16**	16
Liabilities under capitalised finance leases (note 28)				
South African Rand	**1 218**	1 417	**1 632**	2 009
Foreign currencies	**25**	34		
Total secured liabilities	**1 428**	1 635	**2 084**	2 138
Assets encumbered are made up as follows:				
Property, plant and equipment			**2 084**	2 122
			2 084	2 122

** Included in this number is the Barloworld bonds in the table on the next page.*

22. Interest-bearing liabilities continued

Certificate	Issued	Maturity	Comparable treasury stock	Spread bps	Yield %	Type	2016 Rm	2015 Rm
BAW2	2 Oct 08	2 Oct 15	R157	277	11.67	Fixed rate (NACS)		750
BAW3	15 Sep 10	2 Oct 17	3-month Jibar	260	9.96	Floating rate	**334**	334
BAW8	15 Sep 10	2 Oct 17	R203	234	9.94	Fixed rate (NACS)	**91**	91
BAW10	14 Jun 11	30 Sep 16	3-month Jibar	155	8.91	Floating rate		614
BAW11	14 Jun 11	1 Oct 18	R204	156	9.80	Fixed rate (NACS)	**460**	460
BAW13	17 Apr 12	17 Apr 17	3-month Jibar	155	8.90	Floating rate	**450**	450
BAW15	1 Feb 13	1 Feb 16	3-month Jibar	125	7.57	Floating rate		200
BAW17	5 Dec 13	5 Dec 18	3-month Jibar	148	8.84	Floating rate	**714**	714
BAW18	5 Dec 13	5 Dec 20	3-month Jibar	170	9.06	Floating rate	**355**	355
BAW19	5 Dec 13	5 Dec 20	R208	167	9.56	Fixed rate (NACS)	**472**	472
BAW20U	15 Jul 14	15 Jan 16	3-month Jibar	110	7.41	Floating rate		500
BAW21	24 Mar 15	24 Mar 22	R208	210	9.30	Fixed rate (NACS)	**710**	710
BAW22	7 Dec 15	7 Dec 22	3-month Jibar	200	9.36	Floating rate	**253**	
BAW23U	15 Jan 16	15 Oct 17	3-month Jibar	115	8.50	Floating rate	**500**	
BAW24	30 Sep 16	30 Sep 19	3-month Jibar	185	9.21	Floating rate	**501**	
Fees capitalised							**(8)**	(8)
							4 832	5 642

	2016 Rm	2015 Rm
23. Provisions		
Non-current	**111**	139
Current	**931**	1 058
	1 042	1 197

23. Provisions continued

Movement of provisions	Total 2016 Rm	Warranty claims Rm	Credit life and warranty products Rm	Maintenance contracts Rm	Restructuring Rm	Cash-settled incentive scheme Rm	Profit share Rm	Other Rm
Balance at beginning of year	**1 197**	304	74	512	38	82	60	127
Amounts added	**561**	282	9	205	10		18	37
Amounts used	**(652)**	(303)	(52)	(100)	(35)	(70)	(10)	(82)
Amounts reversed unused	**(94)**	(30)		(46)		(3)	(10)	(5)
Unwinding of discount on present valued amounts	**24**			24				
Translation adjustments	**6**	2	2	(1)				3
Total per statement of financial position	**1 042**	255	33	594	13	9	58	80
To be incurred								
Within one year	**931**	254	21	502	13	9	58	73
Between two and five years	**111**	1	12	92				7
	1 042	255	33	594	13	9	58	80

Warranty claims

The provisions relate principally to warranty claims on capital equipment, spare parts and service. The estimate is based on claims notified and past experience.

Credit life and warranty products

The provision relates to credit life and warranty products sold by the Automotive segment. The estimate is based on past experience.

Maintenance contracts

This relates to deferred revenue on maintenance and repair contracts on equipment, forklift trucks and motor vehicles. Assumptions include the estimation of maintenance and repair costs over the life cycle of the assets concerned.

Restructuring

The provision includes obligations related to the closure of operations.

Cash-settled incentive scheme

The provision relates to the cash-settled forfeitable share plan and the share appreciation right scheme. Refer note 32 for more detail on these schemes.

Profit share

The provision for profit share is in respect of amounts owed to customers for profit share arrangements in place for terminated vehicles, and can comprise either maintenance profit or vehicle disposal profit, or both.

		2016 Rm	2015 Rm
24.	**Other non-current liabilities**		
	Retirement benefit obligation	**2 884**	1 943
	Deferred income maintenance contract	**287**	283
	Other payables	**82**	68
	Total per statement of financial position	**3 253**	2 294

Retirement benefit information

It is the policy of the group to encourage, facilitate and contribute to the provision of retirement benefits for all permanent employees. To this end, the group's permanent employees are usually required to be members of either a pension or provident fund, depending on their preference and local legal requirements.

Altogether 67% of employees belong to one defined benefit and 15 defined contribution retirement funds in which group employment is a prerequisite for membership. Of these, the defined benefit and 10 defined contribution funds are located outside of South Africa and comply with the regulatory requirements of respective countries. Altogether 20% of employees belong to defined contribution funds associated with industry or employee organisations.

Defined contribution plans

The total cost charged to profit or loss of R845 million (2015: R800 million) represents contributions payable to these schemes by the group at rates specified in the rules of the schemes (note 3).

Defined benefit plans

The group sponsors a funded defined benefit scheme for qualifying employees in the United Kingdom.

The defined benefit scheme is administered by a board of trustees that is legally separated from the entity and the assets are held separately in trust for the benefit of the scheme members. The board of the pension scheme is composed of two employer representatives, two employee representatives and one independent trustee. The trustee board is required by trust and pension law and by its articles of association to act in the interests of the scheme and of all relevant stakeholders in the scheme, ie current employees, former employees, retirees and dependants. The trustee board is responsible for the investment policy with regard to the assets of the scheme.

The scheme exposes the company to a number of risks, the most significant of which are:

Changes in bond yields	A decrease in corporate bond yields will increase the value placed on the scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the scheme's bond holdings.
Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of growth assets (equities and absolute return funds) which, though expected to outperform corporate bonds in the long term, create volatility risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long-term objectives.
Inflation risk	A significant proportion of the scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
Life expectancy	The majority of the scheme's obligations are to provide benefits for the life of the member, thus increases in life expectancy will result in an increase in the liabilities.

The pension costs relating to the defined benefit scheme are assessed in accordance with the advice of an independent actuary who values the scheme using the projected unit valuation approach under which the current service cost as a percentage of active members' salaries is expected to increase, but in monetary terms a decrease is anticipated as the number of members fall.

Contributions made by the United Kingdom subsidiary companies to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' expected working lives with the group.

		2016 Rm	2015 Rm
24.	**Other non-current liabilities** continued		
	Amounts recognised in the income statement in respect of defined benefit schemes are as follows:		
	Current service cost	**3**	3
	Plan administration expenses	**14**	17
	Net loss recognised in profit or loss (note 3)	**17**	20
	Net interest expenses	**69**	66
	Components of defined benefit costs recognised in profit or loss	**86**	86
	Actual return on plan assets	**1 215**	166

The defined benefit scheme's IAS 19 accounting valuation at 30 September 2016 reflected a deficit of R2 884 million (£161 million) which represents an increase compared to the deficit in 2015 of R1 943 million (£93 million). The discount rate reduced from 3.9% in 2015 to 2.4% in 2016. The reduced discount rate had a very material impact on the liabilities, which was partly offset by good asset returns and the company recovery plan contributions of R180 million (£10 million). Corporate bonds produced returns of approximately 21%, and equities 13%, producing substantially better returns than expected.

The trustees carry out a strategic investment review following completion of each triennial valuation to ensure that the assets are managed in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the scheme.

The trustees and the company are actively considering mechanisms to reduce risk in the scheme. During 2016 the trustees secured a further insurance policy (buy in) for some pensioner liabilities, bringing the total buy-ins up to a value of R1 929 million (£108 million). The plan is to invest further into risk mitigation investments in an attempt to further reduce volatility in the scheme.

The scheme's assets consist primarily of equities (local and offshore), corporate bonds and insurance policies. The markets performed well towards the end of the financial year resulting in strong returns from the equity and bond markets.

A recovery plan was negotiated in 2014 with the trustees resulting in additional contributions of £12 million in 2014 and £18 million in 2015 and annual contributions of £5 million per annum (commencing April 2015) for 10 years.

The amount included in the balance sheet arising from the group's obligations in respect of the defined benefit scheme is set out below:

	2016 Rm	2015 Rm
Present value of funded obligation	**11 864**	11 393
Fair value of plan assets	**8 980**	9 450
Net liability per statement of financial position	**2 884**	1 943
Movement in present value of funded obligation:		
At beginning of year	**11 393**	10 110
Current service cost	**3**	3
Interest cost	**438**	387
Actuarial gains arising from changes in demographic assumptions	**(133)**	
Actuarial losses/(gains) arising from changes in financial assumptions	**2 530**	(27)
Actuarial gains arising from experience	**(159)**	(85)
Benefits paid	**(464)**	(502)
Employee contributions	**1**	1
Exchange differences	**(1 745)**	1 506
At end of year	**11 864**	11 393

		2016 Rm	2015 Rm
24.	**Other non-current liabilities** continued		
	Movement in fair value of plan assets:		
	At beginning of year	**9 450**	8 209
	Interest income	**369**	321
	Actuarial gains/(losses) recognised in the statement of comprehensive income	**903**	(169)
	Plan administration expenses	**14**	(17)
	Contributions	**180**	378
	Benefits paid	**(464)**	(502)
	Employee contributions	**1**	1
	Exchange differences	**(1 473)**	1 229
	At end of year	**8 980**	9 450
	Cumulative actuarial losses	**4 279**	2 944
	Plan assets consist of the following:		
	– Equity instruments (%)	**54**	54
	– Bonds (%)	**46**	46

Defined benefit funds are valued by independent actuaries as follows:

	Valuation interval	Latest statutory valuation
Barloworld UK Pension Scheme	Triennial	1 April 2014

Key assumptions used:

	2016	2015
Discount rate (%)	**2.4**	3.9
Expected rate of salary increases (%)	**3.0**	3.0
Future pension increases (%)	**2.9**	3.0
Mortality (table using year of birth)	**S2PA**	S2PA

Sensitivity to key assumptions	Operating expenses £000	Net interest £000	Total income statement expense £000	Scheme assets £000	Defined benefit obligation £000	Deficit £000
Current values	780	3 242	4 022	502 715	(664 157)	(161 442)
Following a 0.2% pa increase in the discount rate	780	2 800	3 580	502 715	(644 000)	(141 285)
Following a 0.2% pa increase in the inflation assumption	780	3 800	4 580	502 715	(682 300)	(179 585)
Following a 0.25% increase in the long-term rate of improvement for post-retirement mortality	780	3 500	4 280	502 715	(673 900)	(171 185)

The scheme duration is an indicator of the weighted average time until benefit payments are made. For the scheme as a whole, the duration is around 17 years, reflecting the approximate split of the defined benefit obligation between current employees (duration of 22 years), deferred members (duration of 23 years) and current pensioners (duration of 12 years).

In assessing the group's post-retirement liabilities, the group, based on actuarial advice, has used standard mortality tables adjusted to reflect the mortality experience of the defined benefit scheme. The mortality assumption remained consistent with the prior year.

		2016 Rm	Restated 2015 Rm	Restated 2014 Rm
25.	**Trade and other payables**			
	Trade and other payables*	**10 003**	10 854	11 490
	Fair value of derivatives	**118**	20	15
	Total group	**10 121**	10 874	11 505
	Amounts classified as held for sale	**(67)**	(42)	
	Total per statement of financial position	**10 054**	10 832	11 505
	Refer note 17 for details of inventory pledged as security for payables.			
	** Included in trade and other payable is the floorplan financing facility. Refer note 33.2 for further details on the restatement.*			
26.	**Amounts due to bankers and short-term loans**			
	Bank overdrafts and acceptances*	**714**	658	650
	Short-term loans	**257**	660	374
	Commercial paper	**807**	861	986
	Current portion of long-term borrowings (note 22)	**887**	1 871	2 143
	Total per statement of financial position	**2 665**	4 050	4 153
	Per currency:			
	South African Rand	**2 303**	3 378	3 832
	Foreign currencies	**362**	672	321
		2 665	4 050	4 153

Refer note 31 for the loan's terms.

** Refer note 33.2 for further details on the restatement.*

		2016 Rm	2015 Rm
27.	**Dividends**		
	Ordinary shares		
	Final dividend No 174 paid on 18 January 2016: 230 cents per share (2015: No 172 – 214 cents per share)	**488**	456
	Interim dividend No 175 paid on 13 June 2016: 115 cents per share (2015: No 173 – 115 cents per share)	**245**	243
	Paid to Barloworld Limited shareholders	**733**	699
	Paid to non-controlling shareholders	**16**	109
		749	808

Analysis of dividends declared in respect of current year's earnings:

	2016 Cents	2015 Cents
Ordinary dividends per share		
Interim dividend	**115**	115
Final dividend	**230**	230
	345	345

6% cumulative non-redeemable preference shares

Preference dividends totalling R22 500 were declared on each of the following dates:
- 3 October 2016 (paid on 31 October 2016)
- 4 May 2016 (paid on 6 June 2016)
- 5 October 2015 (paid on 2 November 2015)
- 13 April 2015 (paid on 18 May 2015)
- 12 December 2014 (paid on 12 January 2015)

		2016 Rm	2015 Rm
28.	**Commitments**		
	Capital expenditure commitments to be incurred:		
	Contracted – property, plant and equipment	**392**	406
	Contracted – vehicle rental fleet	**1 196**	1 354
	Approved but not yet contracted	**643**	352
		2 231	2 112

Commitments will be spent substantially in the next financial year. Capital expenditure will be financed by funds generated by the business, existing cash resources and borrowing facilities available to the group.

28. Commitments continued

Lease commitments

	Long term >5 years Rm	Medium term 2 – 5 years Rm	Short term <1 year Rm	2016 Total Rm	2015 Total Rm
Operating lease commitments					
Land and buildings	662	927	349	**1 938**	1 815
Motor vehicles	8	408	177	**593**	262
Capital equipment and other	2	396	387	**785**	1 110
	672	1 731	913	**3 316**	3 187

Land and building commitments include the following items:

- Commitments for the operating and administrative facilities used by the majority of business segments. The average lease term is five years. Many lease contracts contain renewal options at fair market rates.
- Properties used for office accommodation and used car outlets in major southern African cities. Rentals escalate at rates which are in line with the historical inflation rates applicable to the southern African environment. Lease periods do not exceed five years.
- Properties at airport locations. The leases are in general for periods of five years and the rental payments are based on a set percentage of revenues generated at those locations subject to certain minimums.

Motor vehicle commitments are mainly for vehicles in use in the offshore operations. The average lease term is four years.

Capital equipment and other commitments mainly consists of lease agreements for lifting equipment, office containers, photocopiers and printers.

	Long term >5 years Rm	Medium term 2 – 5 years Rm	Short term <1 year Rm	2016 Total Rm	2015 Total Rm
Finance lease commitments					
Present value of minimum lease payments					
Land and buildings	53	117	44	**214**	283
Motor vehicles	2	753	271	**1 026**	1 055
Other		3	1	**4**	114
	55	873	316	**1 243**	1 451
Minimum lease payments					
Land and buildings	67	168	63	**298**	395
Motor vehicles		870	341	**1 211**	1 255
Other		3	1	**4**	134
Total including future finance charges	67	1 041	405	**1 513**	1 784
Future finance charges				**(270)**	(332)
Present value of lease commitments (note 22)				**1 243**	1 451

Land and building commitments are for certain fixed rate leases in the automotive division for trading premises with an average term of 12 years including a purchase option at the end of the term.

		2016 Rm	2015 Rm
29.	**Contingent liabilities**		
	Performance guarantees given to customers, other guarantees and claims	**1 017**	1 343
	Buy-back and repurchase commitments not reflected on the statement of financial position	**98**	62

The group has received a provisional statement of objection from the Dutch Competition Authorities in respect of a subsidiary disposed of in 2013, setting out their provisional findings on an industry-wide investigation for the period ended 2010. At this stage the outcome of these proceedings cannot be predicted with any certainty. Management is, however, giving the matter its full attention and is in conjunction with legal advisers, drafting a written response to the objection.

30. Insurance contracts

Certain transactions are entered into by the group as insurer which falls within the definition of insurance contracts per IFRS 4 Insurance Contracts.

The following is included as part of Equipment's maintenance contracts, provision of parts and components, on-site labour, support staff and assets (eg vehicles, computers, tooling) to the customer combined with expertise, in order to maintain the customer's fleet.

All full maintenance lease contracts are included in Automotive's insurance contracts and all upfront maintenance contracts Avis Fleet Services administers on behalf of OEM are excluded.

	2016 Rm	2015 Rm
Income	**2 134**	2 112
Expenses	**1 609**	1 537
Cash inflow	**400**	345
Liabilities:		
At beginning of year	**959**	854
Amounts added	**603**	581
Amounts used	**(330)**	(342)
Amounts reversed unused	**(165)**	(140)
Fair value adjustment on discount effect	**8**	(9)
Translation difference	**(7)**	16
At end of year	**1 068**	959
Maturity profile:		
Within one year	**712**	627
Two to five years	**293**	290
More than five years	**63**	42
	1 068	959
Assets:		
At beginning of year	**282**	324
Amounts added	**1 555**	1 484
Amounts used	**(1 491)**	(1 535)
Translation difference		9
At end of year	**346**	282

		2016 Rm	2015 Rm
30.	**Insurance contracts** continued		
	Age analysis of items overdue but not impaired:		
	Overdue 30 to 60 days	**16**	
	Overdue 60 to 90 days		1
	Overdue 90+ days		(2)
		16	(1)

Significant assumptions and risks arising from insurance contracts

Maintenance contracts

Maintenance contracts are offered to customers in the Equipment and Automotive segments. The contracts are managed internally through ongoing contract performance reviews, review of costs and regular fleet inspections. Risks arising from maintenance contracts include component lives, component failure and cost of labour. The contracts consist of a variety of forms but generally include cover for regular maintenance as well as for repairs due to breakdowns and component failure which is not covered by manufacturers' warranties or other external maintenance plans. The amounts above include the estimated portion of contracts that meet the definition of an insurance contract. Revenue is recognised on the percentage of completion method based on the anticipated cost of repairs over the life cycle of the equipment/vehicles. If the costs incurred exceed the revenue over the expected life of the policy, the future losses are accounted for immediately in profit and loss based on the present value of the contract loss.

In Automotive, the assets and liabilities are measured based on actuarial valuations done and in equipment it is based on cash flow projections.

Financial risk mainly relates to credit risk but credit quality of customers is generally considered to be good and similar to the rest of the group's operations. Risks are spread over a large diversity of customers, fleets of equipment and vehicles and geographically in southern Africa and Europe.

31. Financial instruments

The group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank borrowings, money and capital market borrowings, leases, hire-purchase agreements discounted with recourse and derivatives. Details of the amounts discounted with recourse are included in note 30. Derivative instruments are used by the group for hedging purposes. Such instruments include forward exchange, currency option contracts and interest rate swap agreements. The group does not speculate in the trading of derivative instruments.

		2016		
		Fair value through profit or loss: *Designated at initial recognition*	**Fair value through profit or loss: *Held-for-trading items***	**Held to maturity**
	Notes	**Rm**	**Rm**	**Rm**
31.1 Summary of financial instruments				
31.1.1 Summary of the carrying and fair value of financial instruments				
ASSETS				
Finance lease receivables	14			
Long-term financial assets	15	**28**		**304**
Trade and other receivables	18			**402**
Cash and cash equivalents	19			
Total assets		**28**		**706**

		2015		
		Fair value through profit or loss: *Designated at initial recognition*	Fair value through profit or loss: *Held-for-trading items*	Held to maturity
	Notes	Rm	Rm	Rm
ASSETS				
Finance lease receivables	14			
Long-term financial assets	15	45		326
Trade and other receivables	18		59	41
Cash and cash equivalents	19			
Total assets		45	59	367

2016

Available-for-sale financial assets	**Loans and receivables**	**Derivative assets designated as hedging instruments**	**Finance lease receivables**	**Total financial assets**	**Non-financial instruments**	**Assets held for sale**	**Total carrying amount**
Rm	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
			147	**147**			**147**
5	**86**			**423**	**25**		**448**
	7 696	**2**	**232**	**8 332**	**496**	**(2)**	**8 826**
	3 028			**3 028**			**3 028**
5	**10 810**	**2**	**379**	**11 930**	**521**	**(2)**	**12 449**

2015

Available-for-sale financial assets	Loans and receivables	Derivative assets designated as hedging instruments	Finance lease receivables	Total financial assets	Non-financial instruments	Assets held for sale	Total carrying amount
Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
			142	142			142
5	31			407	31		438
	8 253	77	258	8 688	663	(20)	9 331
	2 386			2 386		(14)	2 372
5	10 670	77	400	11 623	695	(34)	12 283

Notes to the consolidated financial statements continued

for the year ended 30 September

31. Financial instruments continued

31.1 Summary of financial instruments continued

31.1.1 Summary of the carrying and fair value of financial instruments continued

	Notes	Fair value through profit or loss: *Held-for-trading items* Rm	Measured at amortised cost Rm	Derivative assets designated as hedging instruments Rm	Total financial liabilities Rm	Non-financial instruments Rm	Assets held for sale Rm	Total carrying amount Rm
		2016						
LIABILITIES								
Interest-bearing non-current liabilities	22		7 421		7 421	958		8 379
Other non-current liabilities	24		369		369	2 884		3 253
Trade and other payables	25	47	8 241	46	8 334	1 787	(67)	10 055
Amounts due to bankers and short-term loans	26		2 665		2 665			2 665
Total liabilities		47	18 696	46	18 789	5 629	(67)	24 351

	Notes	Fair value through profit or loss: *Held-for-trading items* Rm	Measured at amortised cost Rm	Derivative assets designated as hedging instruments Rm	Total financial liabilities Rm	Non-financial instruments Rm	Assets held for sale Rm	Total carrying amount Rm
		2015						
LIABILITIES								
Interest-bearing non-current liabilities	22		7 911		7 911	1 163		9 074
Other non-current liabilities	24		352		352	1 942		2 294
Trade and other payables	25		9 027	20	9 047	1 826	(42)	10 832
Amounts due to bankers and short-term loans	26		4 050		4 050			4 050
Total liabilities			21 340	20	21 360	4 932	(42)	26 250

		2016 Rm	2015 Rm
31.	**Financial instruments** continued		
31.1	**Summary of financial instruments** continued		
31.1.1	Summary of the carrying and fair value of financial instruments continued		
	Carrying value of financial instruments by class:		
	Financial assets:		
	Trade receivables		
	– Industry	**5 654**	6 136
	– Government	**423**	419
	– Consumers	**540**	644
	Other loans and receivables and cash balances	**4 900**	3 837
	Finance lease receivables	**379**	400
	Derivatives (including items designated as effective hedging instruments)		
	– Forward exchange contracts	**2**	136
	Other financial assets at fair value	**33**	50
	Total carrying value of financial assets	**11 930**	11 623
	Financial liabilities:		
	Trade payables		
	– Principals	**2 603**	2 903
	– Other suppliers	**5 686**	6 124
	Other non-interest-bearing payables	**369**	352
	Derivatives (including items designated as effective hedging instruments)		
	– Forward exchange contracts	**46**	20
	Interest-bearing debt measured at amortised cost	**10 085**	11 961
	Total carrying value of financial liabilities	**18 789**	21 360
	Fair value of financial instruments by class:		
	Financial assets:		
	Trade receivables		
	– Industry	**5 652**	6 136
	– Government	**423**	419
	– Consumers	**540**	644
	Other loans and receivables and cash balances	**4 900**	3 823
	Finance lease receivables	**381**	400
	Derivatives (including items designated as effective hedging instruments)		
	– Forward exchange contracts	**2**	136
	Other financial assets at fair value	**33**	50
	Total fair value of financial assets	**11 930**	11 609
	Financial liabilities:		
	Trade payables		
	– Principals	**2 603**	2 903
	– Other suppliers	**5 647**	6 125
	Other non-interest-bearing payables	**369**	352
	Derivatives (including items designated as effective hedging instruments)		
	– Forward exchange contracts	**93**	20
	Interest-bearing debt measured at amortised cost	**10 123**	12 055
	Total fair value of financial liabilities	**18 835**	21 455

All financial instruments are carried at fair value or amounts that approximate fair value, except for the non-current portion of fixed rate receivables, payables and interest-bearing borrowings, which are carried at amortised cost. The carrying amounts for investments, cash, cash equivalents as well as the current portion of receivables, payables and interest-bearing borrowings approximate fair value due to the short-term nature of these instruments. The fair values have been determined using available market information and discounted cash flows.

31. Financial instruments continued

31.1 Summary of financial instruments continued

31.1.2 Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets. The markets from which these quoted prices are obtained are the bonds market, the stock exchange as well other similar markets.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). The valuation techniques used in deriving level 2 fair values are discounted cash flows. The discounted cash flows are derived using rates that appropriately reflect the different risks of the various counterparties in relation to the financial instrument. Significant unobservable inputs are long-term revenue and profit projections as well as management's experience and knowledge of the market conditions. Inputs used and assumptions made in relation to the discounted cash flow model is based on macro-economic indicators consistent with external sources of information.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The valuation techniques used in deriving level 3 fair values are discounted cash flows as well as the net asset value approach of the investment that is being valued. This information is based on unobservable market data, and adjusted for based on management's experience and knowledge of the investment.

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rm	**Rm**	**Rm**	**Rm**
Financial assets at fair value through profit or loss				
Financial assets designated at fair value through profit or loss			**28**	**28**
Available-for-sale financial assets				
Shares			**5**	**5**
Derivative assets designated as effective hedging instruments		**2**		**2**
Total		**2**	**33**	**35**
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss		**2**		**2**
Derivatives		**91**		**91**
Total		**93**		**93**

	2015			
	Level 1	Level 2	Level 3	Total
	Rm	Rm	Rm	Rm
Financial assets at fair value through profit or loss				
Financial assets designated at fair value through profit or loss	59		45	104
Available-for-sale financial assets				
Shares			5	5
Derivative assets designated as effective hedging instruments	77			77
Total	136		50	186
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss				
Derivatives		20		20
Total		20		20

FECs are classified under level 2 as they are not quoted and the value needs to be calculated.

31. Financial instruments continued

31.1 Summary of financial instruments continued

31.1.2 Fair value measurements recognised in the statement of financial position continued

Reconciliation of level 3 fair value measurements

	Available-for-sale unlisted shares	Fair value of investment in cell captives
	Rm	**Rm**
Balance 30 September 2014	5	45
Total gains/(losses) recognised in profit and loss		
Balance 30 September 2015	5	45
Total losses recognised in profit and loss		(17)
Balance 30 September 2016	5	28

Total losses recognised in profit and loss relate to unrealised gains relating to financial assets that are measured at fair value at the end of the period.

31.2 Financial risk management

a. Capital risk management

The group manages its capital to ensure that all entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The overall strategy remains unchanged from the previous year.

The capital structure of the group consists of debt (refer notes 22 and 26), cash and cash equivalents (note 19) and equity attributable to equity holders of Barloworld Limited, comprising issued capital (note 21), reserves and retained earnings (statement of changes in equity).

A finance committee consisting of senior executives of the group meets on a regular basis to review the capital structure based on the cost of capital and the risks associated with each class of capital, analyse currency and interest rate exposure and to re-evaluate treasury management strategies in the context of most recent economic conditions and forecasts. The group has targeted gearing ratios for each major business segment. The group's various treasury operations provide the group with access to local money markets and provide group subsidiaries with the benefit of bulk financing and depositing.

b. Market risk

(i) Currency risk

Trade commitments

The group's currency exposure management policy for the southern African operations is to hedge substantially all material foreign currency trade commitments which customers have or will not be accepting the currency risk. In respect of offshore operations, where there is a traditionally stable relationship between the functional and transacting currencies, the need to take foreign exchange cover is at the discretion of the divisional board. Each division manages its own trade exposure within the overall framework of the group policy. In this regard, the group has entered into certain forward exchange contracts which do not relate to specific items appearing in the statement of financial position, but were entered into to cover foreign commitments not yet due or proceeds not yet received. The risk of having to close out these contracts is considered to be low.

Net currency exposure and sensitivity analysis

The following table represents the extent to which the group has monetary assets and liabilities in currencies other than the group companies' functional currency. The information is shown inclusive of the impact of forward contracts and options in place to hedge the foreign currency exposures. Based on the net exposure below it is estimated that a simultaneous 10% change in all foreign currency exchange rates against the operations' functional currency will impact the fair value of the net monetary assets/liabilities of the group to the extent of R471 million (2015: R509 million), of which R75 million (2015: R94 million) will impact other comprehensive income and R396 million (2015: R415 million) will impact profit or loss.

Notes to the consolidated financial statements continued

for the year ended 30 September

31. Financial instruments continued

31.2 Financial risk management continued

b. Market risk continued

(i) Currency risk continued

Net foreign currency monetary assets/(liabilities)	Currency of assets/(liabilities) SA Rand Rm	Euro Rm	British Sterling Rm	US Dollar Rm	Total Rm
Functional currency of group operation:					
SA Rand	**n/a**	**156**	**40**	**2 076**	**2 272**
British Sterling		**309**	**n/a**	**2 011**	**2 320**
US Dollar				**n/a**	
Other African currencies	**86**			**36**	**122**
As at 30 September 2016	**86**	**465**	**40**	**4 124**	**4 715**
SA Rand	n/a	210	44	1 998	2 252
British Sterling			n/a	3 028	3 028
US Dollar				n/a	
Other African currencies	(47)			(145)	(192)
As at 30 September 2015	(47)	210	44	4 881	5 088

	Fair value 2016 Rm	2015 Rm
Hedge accounting applied in respect of foreign currency risk		
Cash flow hedges		
– Fair value of (asset)/liability – foreign currency forward exchange contracts	**(44)**	116

The foreign currency contracts have been acquired to hedge the underlying currency risk arising from a firm commitment to acquire equipment machines as well as the forecast purchases of spare parts. All cash flows are expected to occur and affect profit or loss within the next 12 months.

31. Financial instruments continued

31.2 Financial risk management continued

b. Market risk continued

(ii) Interest rate risk

The group manages the exposure to interest rate risk by maintaining a balance between fixed and floating rate borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to expected movements in interest rates. There has been no change in the current year to this approach.

The interest rate profile of total borrowings is as follows:

	Currency	Year of redemption/ repayment	Interest rate (%)	2016 Rm	2015 Rm
Liabilities in foreign currencies					
Bank overdrafts and short-term loans	USD		Libor* + 2%, 3-month Libor* + 4.5%	78	99
	ZMK				39
	MZM		Prime (MT) – 2% pa	98	104
	RUR		Internal rate + 3.5%, 1 month Mosprime + 2.85%	145	181
	EUR		Euribor** 12 month + 5.68%, UK base rate + 2%	30	219
	BWP		Prime – 1.5%	11	30
	GBP		Libor* + 1.45% – 2%		
Total short-term foreign currency liabilities (note 26)				**362**	672
Unsecured loans	Other	2017	Prime – 1.5%	317	234
	USD	2016	3-month Libor* + 4.5%		5
	GBP		Libor* + 1% to Libor* + 1.3%		456
Liabilities under capitalised finance leases	EUR	2019	Euribor** 12 month + 5.68%	25	34
Total long-term foreign currency liabilities (note 22)				**342**	729
Liabilities in South African Rand					
Bank borrowings and bank overdrafts				2 303	3 378
Total South African Rand liabilities (note 26)				**2 303**	3 378
Secured loans		2017 – 2022 onwards	9 – 11	177	176
Unsecured loans		2017 – 2023	6.38 – 11.67	7 529	8 623
Liabilities under capitalised finance leases		2017 – 2022 onwards	7.8 – 15.1	1 218	1 417
Total South African Rand liabilities (note 22)				**8 924**	10 216
Total South African Rand and foreign currency liabilities (notes 22 and 26)				**9 266**	10 945
Interest rates					
Loans at fixed rates of interest				2 677	3 492
Loans linked to South African money market rates				6 504	6 912
Loans linked to offshore money markets				86	541
				9 266	10 945

* *Libor – London interbank offered rate.*

** *Euribor – European interbank offered rate.*

31. Financial instruments continued

31.2 Financial risk management continued

b. Market risk continued

(ii) Interest rate risk continued

	2016	2015
	Rm	Rm
Interest rate sensitivity analysis		
Impact of a 1% increase in South African interest rates		
– charge to profit or loss	**80**	75
Impact of a 1% increase in offshore interest rates		
– charge to profit or loss	**7**	7
(iii) Other price risk		
The group is exposed to price risk arising out of the following:		
Barloworld share price		
The group has a liability to option holders in terms of the long-term share-based payments (refer notes 32.2 and 32.3)		
Barloworld share price sensitivity analysis		
Impact of a 10% increase in the Barloworld share price as at 30 September		
– charge to profit or loss in respect of the liability	**1**	3

There has been no change during the current year in the group approach to managing other price risk.

c. Credit risk

Potential areas of credit risk consist of trade receivables and short-term cash investments. Trade receivables consist mainly of a large and widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits. Provision is made for bad debts and at the year end management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee insurance or a bad debt provision. It is group policy to deposit short-term cash investments with major banks and financial institutions with strong credit ratings.

The credit quality of assets that are neither past due nor impaired is considered to be good. Historical default rates vary per division from 0.4% to 5.0%.

	2016	2015
	Rm	Rm
Maximum exposure to credit risk (excluding collateral held), exceeding the carrying amount		
Other items, including financial guarantees	**1 017**	1 343
	1 017	1 343
Carrying value of financial assets, the terms of which have been renegotiated		
Trade receivables		
– Industry		3

31. Financial instruments continued

31.2 Financial risk management continued

d. Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows, maintaining a balance between long-term and short-term debt and ensuring that adequate unutilised borrowing facilities are maintained. Unutilised bank facilities amounted to R9.6 billion (2015: R7.7 billion). There has been no change to this approach during the current year.

Maturity profile of financial liabilities

The maturity profile of the financial instruments is summarised as follows (based on contractual undiscounted cash flows):

	Repayable during the year ending 30 September			
	Total owing	**2017**	**2018 to 2020**	**2021 and onwards**
	Rm	**Rm**	**Rm**	**Rm**
Interest-bearing liabilities	**12 565**	**2 588**	**8 629**	**1 348**
Trade payables and other non-interest-bearing liabilities	**9 549**	**9 540**	**9**	

	2016	2015
	Rm	Rm
32. Share incentive schemes and share-based payments		
32.1 Financial effect of share-based payment transactions		
Income statement effect		
Expense arising from share-based payment transactions		251
Compensation expense arising from equity and cash-settled forfeitable share plan	**21**	23
Compensation expense arising from equity and cash-settled share appreciation rights incentive plan	**5**	59
Share-based payment expense included in operating profit	**26**	333
Taxation benefit on forfeitable share plan, share appreciation rights and BEE transactions	**(7)**	(36)
Net share-based payment expense after taxation	**19**	297
Financial position effect		
Liability raised for cash-settled shares (to be incurred within one to five years)	**(7)**	(59)
Deferred taxation asset raised on share-based payment transactions	**49**	64
Net (reduction)/increase in shareholders' interest as a result of share-based payment transactions	**42**	5

32. Share incentive schemes and share-based payments continued

32.2 Forfeitable share plan

On 28 January 2010, the group introduced the Barloworld Forfeitable Share Plan (FSP).

The scheme allows executive directors and certain senior employees to earn a long-term incentive to assist with the retention and reward of selected employees.

Shares are granted to employees for no consideration. These shares participate in dividends and shareholder rights from grant date.

The vesting of the shares is subject to continued employment for a period of three years or the employee will forfeit the shares.

Prior to the current year, shares issued to the executive directors were subject to performance conditions. From 30 March 2016, shares issued to the executive directors and certain senior employees are subject to performance conditions which will be measured over the three-year vesting period.

The performance conditions over the vesting period include a market condition based on total shareholder return and non-market conditions based on return on net operating assets and headline earnings per share.

On resignation, the employee will forfeit any unvested shares. On death or retirement, only a portion of the shares will vest, calculated based on the number of days worked over the total vesting period, subject to any performance condition being met.

The scheme is settled in shares and therefore the scheme is equity-settled. In jurisdictions where the delivery of shares is impractical, cash will be paid to employees in lieu of shares. These shares are cash-settled share-based payments.

Fair value estimates

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date. The fair value takes into account that the employees are entitled to the dividends from grant date. The fair value of the equity-settled shares subject to non-market conditions is the closing share price at grant date. The estimated fair value of the equity-settled shares subject to market conditions was calculated at grant date using a Monte Carlo simulation model with the following inputs:

Date of grant	**30 March 2016**	30 March 2015	18 March 2014
Non-market conditions			
Number of shares granted	**1 127 837**	224 726	204 398
Share price at grant date (R)	**77.80**	90.50	107.32
Estimated fair value per share at grant date (R)	**77.80**	90.50	107.32
Market conditions			
Number of shares granted	**110 403**	22 304	18 972
Share price at grant date (R)	**77.80**	90.50	107.32
Expected volatility (%)	**28.7**	27.4	27.2
Expected dividend yield (%)	**3.5**	3.0	2.8
Risk-free rate (%)	**8.2**	7.1	7.4
Estimated fair value per share at grant date (R)	**41.98**	46.14	78.79
In terms of IFRS 2, liabilities relating to cash-settled share-based payments are adjusted to fair value at financial position date. The estimated fair value of the cash-settled shares was calculated by using the closing share price at the reporting date and discounting future expected dividends.			
Number of cash-settled shares granted	**169 150**	67 210	53 200
Share price at grant date (R)	**77.80**	90.50	107.32
Risk-free rate (%)	**8.2**	6.8	7.2
Estimated fair value per cash-settled share at grant date (R)	**74.93**	90.29	105.27
Estimated fair value per cash-settled share at year end (R)	**82.39**	74.45	79.23

32. Share incentive schemes and share-based payments continued

32.3 Share appreciation rights scheme

During 2007, the group introduced the Barloworld Cash-Settled Share Appreciation Rights scheme.

The scheme allows executive directors and certain senior employees to earn a long-term incentive amount calculated based on the increase in the Barloworld Limited share price between the grant date and the vesting and exercise of such rights. During 2011, the scheme rules were amended to change all future awards to be equity-settled.

No shares are issued for share appreciation rights granted before 2011 and all amounts payable will be settled in cash. All share appreciation rights granted from 2011 will be settled in shares. The objective of the scheme is to recognise the contributions of senior staff to the group's financial position and performance and to retain key employees.

The vesting of the rights are subject to specific performance conditions, based on group headline earnings per share. Rights are granted for a period of six years and vest one-third after three years from grant date, a further one-third after four years and the final third after five years.

The grant price of these appreciation rights equals the volume weighted average market price of the underlying shares on the three trading days immediately preceding grant date.

On resignation, share appreciation rights which have not yet vested and those vested but not exercised, are forfeited. On death or retirement, the Barloworld remuneration committee may permit a portion of unvested rights to be exercised within one year (or such extended period as the committee may decide) of the date of cessation of employment.

It is group policy that employees should not deal in Barloworld Limited shares (and this is extended to the forfeitable share plan, share appreciation rights and share option schemes) for the periods from 1 April for half year end and 1 October for year end until 24 hours after publication of the results and at any other time during which they have access to price-sensitive information.

Cash-settled share appreciation rights: Fair value estimates

In terms of IFRS 2, liabilities relating to cash-settled share-based payments are adjusted to fair value at financial position date. The final cash-settled share appreciation rights expired on 22 November 2015 and no rights were outstanding at year end.

Equity-settled share appreciation rights: Fair value estimates

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date.

The estimated fair value of the share appreciation rights was calculated using a binomial pricing model, with inputs as set out below.

Date of grant	**30 March 2016**	30 March 2015	18 March 2014	19 March 2013	30 March 2012	28 February 2011
Number of share appreciation rights granted	**330 240**	3 026 700	2 264 560	2 562 990	1 954 860	2 069 990
Exercise price (R)	**72.77**	90.77	106.82	90.73	96.48	70.83
Share price at grant date (R)	**77.80**	90.50	107.32	90.50	99.98	72.25
Expected volatility (%)	**28.7**	28.7	35.1	36.2	37.9	36.6
Expected dividend yield (%)	**4.4**	3.5	2.7	3.3	2.8	3.9
Risk-free rate (%)	**8.6**	7.4	8.1	6.3	6.4	8.0
Exercise multiple (share price at exercise date/option exercise price)	**1.9**	1.9	1.9	1.9	1.9	1.9
Estimated fair value per share appreciation right at grant date (R)	**24.06**	26.59	39.71	30.04	36.85	25.15

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32. Share incentive schemes and share-based payments continued

32.4 Total forfeitable shares and appreciation rights unexercised

The following forfeitable shares and share appreciation rights granted are unexercised:

Date of grant	Date from which exercisable	Expiry date	Contractual life remaining (years)	Original exercise price (R)	Number of options/rights Barloworld directors	Barloworld employees#	Total unexercised**
28 Feb 2011	27 Feb 2014	27 Feb 2017	0.4	70.83	107 425	829 306	936 731
30 Mar 2012	29 Mar 2015	29 Mar 2018	1.5	96.48	222 590	1 409 196	1 631 786
19 Mar 2013	18 Mar 2016	18 Mar 2019	2.5	90.73	274 980	1 936 090	2 211 070
18 Mar 2014	17 Mar 2017	17 Mar 2020	3.5	106.82	207 250	1 755 600	1 962 850
30 Mar 2015	29 Mar 2018	29 Mar 2021	4.5	90.77	298 310	2 498 570	2 796 880
30 Mar 2016	29 Mar 2019	29 Mar 2022	5.5	72.77	285 090	45 150	330 240
Total equity-settled share appreciation rights granted and unexercised					1 395 645	8 473 912	9 869 557
18 Mar 2014	17 Mar 2017	17 Mar 2017	0.5		97 150	83 569	180 719
30 Mar 2015	30 Mar 2018	30 Mar 2018	1.5		124 070	112 065	236 135
30 Mar 2016	30 Mar 2019	30 Mar 2019	2.5		85 000	1 107 750	1 192 750
Total equity-settled forfeitable shares granted and unexercised					306 220	1 303 384	1 609 604
18 Mar 2014	17 Mar 2017	17 Mar 2017	0.5		49 680	3 520	53 200
30 Mar 2015	30 Mar 2018	30 Mar 2018	1.5		63 200	4 010	67 210
30 Mar 2016	30 Mar 2019	30 Mar 2019	2.5		116 310	52 840	169 150
Total cash-settled forfeitable shares granted and unexercised					229 190	60 370	289 560
Total unexercised					1 931 055	9 837 666	11 768 721

The weighted average share price at the date of exercising options during the period was R93.04 (2015: R94.81).

** *Scheme rules dictate that the number of unexercised options may not exceed 10% of the total number of issued shares of the company at any time.*

The unexercised share options granted to retired directors and employees are included in this column.

32. Share incentive schemes and share-based payments continued

32.4 Total forfeitable shares and appreciation rights unexercised continued

Share options and appreciation rights movement for the year	Number of forfeitable shares	Number of appreciation rights	Weighted average exercise price (R)*
2016			
Unexercised at beginning of year	**880 032**	**10 673 246**	**91.24**
Rights granted in terms of equity-settled share appreciation rights scheme		**330 240**	**72.77**
Forfeitable shares granted	**1 407 390**		
Forfeitable shares forfeited	**(127 537)**		
Forfeitable shares vested	**(260 721)**		
Appreciation rights exercised		**(644 635)**	**61.20**
Forfeitable shares, options and appreciation rights unexercised at year end	**1 899 164**	**9 869 557**	**92.40**
Appreciation rights exercisable at year end		**2 791 221**	**86.32**
Held by:			
Directors, employees and ex-employees of Barloworld	**1 899 164**	**9 869 557**	**92.40**
2015			
Unexercised at beginning of year	908 151	9 505 041	86.74
Rights granted in terms of equity-settled share appreciation rights scheme		3 026 700	90.77
Forfeitable shares granted	314 240		
Forfeitable shares forfeited	(113 797)		
Forfeitable shares vested	(228 562)		
Appreciation rights forfeited		(588 960)	94.83
Appreciation rights exercised		(1 269 535)	54.71
Forfeitable shares, options and appreciation rights unexercised at year end	880 032	10 673 246	91.24
Appreciation rights exercisable at year end		1 619 587	76.08
Held by:			
Directors, employees and ex-employees of Barloworld	880 032	10 673 246	91.24

** Weighted average exercise price for appreciation rights*

33. Changes in accounting policy and disclosures

33.1 New standards and interpretations adopted

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The basis is consistent with the prior year. No new amended standards or new interpretations were adopted. As these floorplans are initially interest-free and become interest-bearing after a certain point, the treatment would appear to be in line with the disclosure of other automotive companies.

33.2 Changes to comparative information

Floorplan

Motor Trading has a number of floorplan facilities which are arranged by the vehicle manufacturers to finance dealer inventory purchases. These short-term credit lines are initially interest-free and only become interest-bearing after a certain specified period. During the current year the group reclassified the interest-bearing floorplan liability from Amounts due to bankers and short-term loans to Trade and other payables. This treatment is in line with the disclosure of other automotive companies.

The impact of the change in accounting policy on the comparative amounts is as follows:

	2015			2014		
	Previously stated	Re-statement	Restated	Previously stated	Re-statement	Restated
	Rm	Rm	Rm	Rm	Rm	Rm
Consolidated statement of financial position						
Amounts due to bankers and short-term loans	4 351	(301)	4 050	4 395	(242)	4 153
Trade and other payables	10 531	301	10 832	11 263	242	11 505
Current liabilities	14 882		14 882	15 658		15 658
Consolidated statement of cash flows						
Cash flows from operating activities						
Increase in working capital	(3 429)	59	(3 370)	(470)	91	(379)
Cash (utilised in)/retained from operating activities	(1 697)	59	(1 638)	214	91	305
Cash flows from financing activities						
(Decrease)/increase in short-term interest-bearing liabilities	(331)	(59)	(390)	1 535	(91)	1 444
Net cash from financing activities	1 591	(59)	1 532	1 161	(91)	1 070

33.3 New standards not yet adopted

The following standards are not yet effective and will be adopted in future years:

IFRS 9 Financial Instruments (November 2009, October 2010 and December 2011, November 2013 and July 2014)

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first phase in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 phase 1 introduces new requirements for classifying and measuring financial assets. Those chapters require all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Assets are initially measured at fair value plus, in the case of a financial asset not measured at fair value through profit or loss, particular transaction costs. Assets are subsequently measured at amortised cost or fair value. In October 2010, the IASB added to IFRS 9 the requirements related to the classification and measurement of financial liabilities. In December 2011, the IASB issued IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures as amendments to IFRS 9 (2009), IFRS 9 (2010) and IFRS 7. In November 2013, the IASB issued the amendments to hedge accounting, accounting and disclosure of the fair value of an entity's own debt and removed the effective date of IFRS 9. In July 2014, IFRS 9 was issued as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This amendment completes the IASB's financial instruments project. The complete IFRS 9 is effective for the year ending September 2019. A presentation of the major changes were held at a group level. Each division is assessing the detailed requirements of the new standard through internal workshops.

33. Changes in accounting policy and disclosures continued

33.3 New standards not yet adopted continued

IFRS 15 Revenue from Contracts with Customers (May 2014) and Clarification of IFRS 15 (April 2016)

IFRS 15 specifies how and when an entity will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. The standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

This IFRS is effective for the year ending 30 September 2019. When first applying IFRS 15, entities should apply the standard in full for the current period, including retrospective application to all contracts that were not yet complete at the beginning of that period. In respect of prior periods, the transition guidance allows entities an option to either apply IFRS 15 in full to prior periods or retain prior period figures as reported under the previous standards, recognising the cumulative effect of IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application (beginning of current reporting period). The standard will impact recognition, measurement and disclosure. Some training workshops on the changes and the impact thereof have been held. The divisions are assessing the impact in the various businesses by analysing existing agreements and practices.

IFRS 16 Leases (January 2016)

Lessee accounting

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. IFRS 16 contains disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.

Lessor accounting

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 is effective for the year ending September 2020. Some training workshops on the changes and the impact thereof have been held. The divisions are looking at their current lease agreement to establish the necessary steps that have to be put in place to implement this standard and the impact it will have.

The following new and amended standards are expected to have no or minimal impact on presentation, recognition and measurement:

- IFRS 14 Deferral of Regulatory accounts (January 2014), effective FY17
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants (June 2014), effective FY17
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation, effective FY17
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations, effective FY17
- Amendments to IAS 27 Equity Methods in Separate Financial Statements (August 2014), effective FY17
- IFRS 10 and IAS 28 Sale of Contribution of Assets Between an Investor and its Associate or Joint Venture, effective FY17
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception, effective FY17
- Annual improvements to IFRS 2012 – 2014 Cycle (September 2014), effective FY17
- Disclosure Initiative – Amendments to IAS 1 (December 2014), effective FY17
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (January 2016), effective FY18
- Amendments to IAS 7 Cash Flows (January 2016), effective FY18
- Clarification and Measurement of Share-Based Payments Transactions amendments to IFRS 2 (June 2016), effective FY19
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (September 2016), effective FY19.

34. Directors' remuneration and interests

Directors' remuneration

The group remuneration philosophy and basis for determining performance bonuses is set out in the remuneration report on pages 152 to 157 in the integrated report. Other benefits determined below include share purchase trust loans, expatriate benefits, retention payments, redundancy and termination payments and any other non-pensionable allowances or fringe benefits.

The directors' and prescribed officers' remuneration for the year ended 30 September 2016 was as follows:

	Salary	Retirement and medical contributions	Car benefit	Other benefits	Guaranteed package	Bonus	Total 2016
	R000	R000	R000	R000	R000	R000	R000
2016							
Executive directors							
Residents							
PJ Bulterman	5 199	838	251	39	6 327	2 901	9 228
CB Thomson	8 243	1 562	266	52	10 123	6 302	16 425
DG Wilson	4 252	1 036	246	28	5 562	2 886	8 448
DM Sewela	4 352	701	267	38	5 358	2 308	7 666
Non-resident							
PJ Blackbeard	7 312	994	325		8 631	1 417	10 048
Total executive directors	29 358	5 131	1 355	157	36 001	15 814	51 815
Prescribed officers							
PK Rankin	3 700	696	320	77	4 793	3 285	8 078
Non-resident							
V Salzmann (retired 30 September 2016)^	4 732		196	816	5 744	1 413	7 157
Total prescribed officers	8 432	696	516	893	10 537	4 698	15 235
Grand total	37 790	5 827	1 871	1 050	46 538	20 512	67 050

^ *Other benefits relate to the leave payout.*

	Total fees 2016
	R000
Non-executive directors	
Residents	
NP Dongwana	512
SS Mkhabela	520
B Ngonyama	570
SS Ntsaluba	761
DB Ntsebeza	1 976
IO Shongwe	529
Non-residents	
FNC Edozien	1 327
AGK Hamilton (retired 3 February 2016)	754
A Landia (resigned 31 December 2015)	332
SB Pfeiffer	1 806
Total non-executive directors	9 087
Total directors' and prescribed officers' remuneration	76 137

34. Directors' remuneration and interests continued

Directors' remuneration continued

	Salary	Retirement and medical contributions	Car benefit	Other benefits	Guaranteed package	Bonus	Total 2015
	R000	R000	R000	R000	R000	R000	R000
2015							
Executive directors							
Residents							
PJ Bulterman	5 100	822	251	47	6 220	3 294	9 514
M Laubscher (retired 28 February 2015)*	2 425	584	108	1 540	4 657	1 954	6 611
CB Thomson	7 988	1 496	266	50	9 800	5 081	14 881
DG Wilson	4 111	965	246	27	5 349	2 364	7 713
DM Sewela**	3 860	628	268	1 711	6 467	2 251	8 718
Non-resident							
PJ Blackbeard	6 452	856	217	5	7 530	3 268	10 798
Total executive directors	29 936	5 351	1 356	3 380	40 023	18 212	58 235
Prescribed officers							
PK Rankin	3 396	639	134	65	4 234	3 366	7 600
Non-resident							
V Salzmann	3 980		165		4 145	3 361	7 506
Total prescribed officers	7 376	639	299	65	8 379	6 727	15 106
Grand total	37 312	5 990	1 655	3 445	48 402	24 939	73 341

* *Included in other benefits is a retirement payment in terms of an existing scheme.*
** *Included in other benefits is a once-off retention payment granted in terms of a 2012 programme.*

	Total fees 2015
	R000
Non-executive directors	
Residents	
NP Dongwana	446
SS Mkhabela	482
B Ngonyama	484
SS Ntsaluba	605
DB Ntsebeza	1 905
IO Shongwe	446
Non-residents	
FNC Edozien	1 103
AGK Hamilton	1 936
A Landia	1 206
SB Pfeiffer	1 586
Total non-executive directors	10 199
Total directors' and prescribed officers' remuneration	83 540

34. Directors' remuneration and interests continued

Interest of directors and prescribed officers of the company in share capital

The aggregate beneficial holdings as at 30 September 2016 of the directors and prescribed officers of the company and their immediate families (none of which has a holding in excess of 1%) in the issued ordinary shares of the company are detailed below. There have been no material changes in these shareholdings since that date.

	Number of shares at 30 September					
	2016	**2016**	**2016**	2015	2015	2015
	Forfeitable	**Direct**	**Indirect**	Forfeitable	Direct	Indirect
Executive directors						
PJ Blackbeard	**88 320**	**142 766**		84 090	132 060	
PJ Bulterman	**56 440**	**99 156**		84 090	87 420	
DM Sewela	**102 590**			77 510		
CB Thomson	**192 770**	**386 963**	**103**	162 540	353 011	103
DG Wilson	**95 290**	**145 704**		84 090	129 193	
Total executive directors	**535 410**	**774 589**	**103**	492 320	701 684	103
Non-executive directors						
AGK Hamilton (retired 3 February 2016)					1 850	
S Mkhabela		**37 430**			37 430	
DB Ntsebeza		**41 960**			41 960	
SB Pfeiffer		**10 000**			10 000	
OI Shongwe		**82 791**	**570**	6 314	80 486	570
Total non-executive directors		**172 181**	**570**	6 314	171 726	570
Prescribed officers						
PK Rankin	**59 470**			42 420		
V Salzmann		**8 634**			8 634	
Total prescribed officers	**59 470**	**8 634**		42 420	8 634	
Grand total	**594 880**	**955 404**	**673**	541 054	882 044	673

Notes to the consolidated financial statements continued

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34. Directors' remuneration and interests continued

Interest of directors and prescribed officers of the company in share options, share appreciation rights and forfeitable shares

The interests of the executive directors and prescribed officers in shares of the company provided in the form of options, share appreciation rights and forfeitable shares are shown in the table below:

	Award date	Number allocated in prior years	Number allocated in current year	Number exercised (options and SAR)/ vested (FSP) in current year	Closing number	Exercise price	Price on exercise date (options and SAR)/ vesting price (FSP)	Exercise or exercisable (options and SAR)/ vesting date (FSP)
Executive directors								
PJ Blackbeard								
Share appreciation rights								
	2011	37 000			37 000	70.83		27 Feb 14
	2012	35 000			35 000	96.48		29 Mar 15
	2013	43 840			43 840	90.73		18 Mar 16
	2014	35 060			35 060	106.82		17 Mar 17
	2015	50 340			50 340	90.77		29 Mar 18
	2016		45 150		45 150	72.77		29 Mar 19
FSP – no performance conditions								
	2013	6 910		6 910		n/a	74.79	18 Mar 16
	2014	6 210			6 210	n/a		17 Mar 17
	2015	7 900			7 900	n/a		29 Mar 18
	2016		7 970		7 970	n/a		29 Mar 19
FSP – with performance conditions								
	2013	20 740		20 740		n/a	74.79	18 Mar 16
	2014	18 630			18 630	n/a		17 Mar 17
	2015	23 700			23 700	n/a		29 Mar 18
	2016		23 910		23 910	n/a		29 Mar 19
PJ Bulterman								
Share appreciation rights								
	2011	24 667			24 667	70.83		27 Feb 14
	2012	35 000			35 000	96.48		29 Mar 15
	2013	43 840			43 840	90.73		18 Mar 16
	2014	35 060			35 060	106.82		17 Mar 17
	2015	50 340			50 340	90.77		29 Mar 18
FSP – no performance conditions								
	2013	6 910		6 910		n/a	74.79	18 Mar 16
	2014	6 210			6 210	n/a		17 Mar 17
	2015	7 900			7 900	n/a		29 Mar 18
FSP – with performance conditions								
	2013	20 740		20 740		n/a	74.79	18 Mar 16
	2014	18 630			18 630	n/a		17 Mar 17
	2015	23 700			23 700	n/a		29 Mar 18

34. Directors' remuneration and interests continued

Interest of directors and prescribed officers of the company in share options, share appreciation rights and forfeitable shares continued

	Award date	Number allocated in prior years	Number allocated in current year	Number exercised (options and SAR)/ vested (FSP) in current year	Closing number	Exercise price	Price on exercise date (options and SAR)/ vesting price (FSP)	Exercise or exercisable (options and SAR)/ vesting date (FSP)
DM Sewela^								
Share appreciation rights								
	2011	15 758			15 758	70.83		27 Feb 14
	2012	19 590			19 590	96.48		29 Mar 15
	2013	31 510			31 510	90.73		18 Mar 16
	2014	35 060			35 060	106.82		17 Mar 17
	2015	50 340			50 340	90.77		29 Mar 18
	2016		65 350		65 350	72.77		29 Mar 19
FSP – no performance conditions								
	2013	5 270		5 270		n/a	74.79	18 Mar 16
	2014	6 210			6 210	n/a		17 Mar 17
	2015	7 900			7 900	n/a		29 Mar 18
	2016		11 540		11 540	n/a		29 Mar 19
FSP – with performance conditions								
	2013	15 800		15 800		n/a	74.79	18 Mar 16
	2014	18 630			18 630	n/a		17 Mar 17
	2015	23 700			23 700	n/a		29 Mar 18
	2016		34 610		34 610	n/a		29 Mar 19
CB Thomson								
Share appreciation rights								
	2011	85 000		85 000		70.83	90.66	19 Aug 16
	2012	72 000			72 000	96.48		29 Mar 15
	2013	80 440			80 440	90.73		18 Mar 16
	2014	67 010			67 010	106.82		17 Mar 17
	2015	96 950			96 950	90.77		29 Mar 18
	2016		119 560		119 560	72.77		29 Mar 19
FSP – no performance conditions								
	2013	13 550		13 550		n/a	74.79	18 Mar 16
	2014	11 870			11 870	n/a		17 Mar 17
	2015	15 220			15 220	n/a		29 Mar 18
	2016		21 110		21 110	n/a		29 Mar 19
FSP – with performance conditions								
	2013	40 650		40 650		n/a	74.79	18 Mar 16
	2014	35 600			35 600	n/a		17 Mar 17
	2015	45 650			45 650	n/a		29 Mar 18
	2016		63 320		63 320	n/a		29 Mar 19

^ *DM Sewela's forfeitable shares are cash-settled.*

34. Directors' remuneration and interests continued

Interest of directors and prescribed officers of the company in share options, share appreciation rights and forfeitable shares continued

	Award date	Number allocated in prior years	Number allocated in current year	Number exercised (options and SAR)/ vested (FSP) in current year	Closing number	Exercise price	Price on exercise date (options and SAR/ vesting price (FSP)	Exercise or exercisable (options and SAR)/ vesting date (FSP)
DG Wilson								
Share appreciation rights								
	2011	37 000		37 000		70.83	90.66	19 Aug 16
	2012	35 000			35 000	96.48		29 Mar 15
	2013	43 840			43 840	90.73		18 Mar 16
	2014	35 060			35 060	106.82		17 Mar 17
	2015	50 340			50 340	90.77		29 Mar 18
	2016		55 030		55 030	72.77		29 Mar 19
FSP – no performance conditions								
	2013	6 910		6 910		n/a	74.79	18 Mar 16
	2014	6 210			6 210	n/a		17 Mar 17
	2015	7 900			7 900	n/a		29 Mar 18
	2016		9 710		9 710	n/a		29 Mar 19
FSP – with performance conditions								
	2013	20 740		20 740		n/a	74.79	18 Mar 16
	2014	18 630			18 630	n/a		17 Mar 17
	2015	23 700			23 700	n/a		29 Mar 18
	2016		29 140		29 140	n/a		29 Mar 19
Prescribed officers								
PK Rankin								
Share appreciation rights								
	2009	26 927		26 927		51.04	80.00	20 Nov 15
	2011	28 940			28 940	70.83		27 Feb 14
	2012	24 710			24 710	96.48		29 Mar 15
	2013	39 260			39 260	90.73		18 Mar 16
	2014	33 210			33 210	106.82		17 Mar 17
	2015	39 220			39 220	90.77		29 Mar 18
	2016		45 150		45 150	72.77		29 Mar 19
FSP – no performance conditions								
	2013	14 830		14 830		n/a	74.79	18 Mar 16
	2014	2 960			2 960	n/a		17 Mar 17
	2015	6 160			6 160	n/a		29 Mar 18
	2016		7 970		7 970	n/a		29 Mar 19
FSP – with performance conditions								
	2015	18 470			18 470	n/a		29 Mar 18
	2016		23 910		23 910	n/a		29 Mar 19
Non-executive director								
OI Shongwe								
Share appreciation rights								
	2009	23 308		23 308		51.04	78.22	19 Nov 15
	2011	30 000			30 000	70.83		27 Feb 14
	2012	26 000			26 000	96.48		29 Mar 15
	2013	31 510			31 510	90.73		18 Mar 16
FSP – with performance conditions								
	2013	6 314		6 314		n/a	74.79	18 Mar 16

^ DM Sewela's forfeitable shares are cash-settled.

The value at commencement date of the SAR rights awarded on 30 March 2016 was R24.06 per share.

The value at commencement date of the forfeitable shares awarded on 30 March 2016 was R77.80 per share.

Notes to the consolidated financial statements continued

for the year ended 30 September

35. Principal subsidiary companies

	Issued capital		
	Type	Currency	Local currency amount
Avis Southern Africa Limited	H	ZAR	17 903 911
Barloworld Botswana (Pty) Limited[3]	H	BWP	35 329 536
Barloworld Capital (Pty) Limited	F	ZAR	30 000 000
Barloworld Equipment (Pty) Limited	O	ZAR	2
Barloworld Equipment UK Limited[1]	O	GBP	4 500 000
Vostochnaya Technica UK[1]	O	GBP	34 500 000
Barloworld Holdings Limited[1]	H	GBP	228 301 000
Barloworld Handling Limited[1]	O	GBP	22 180 000
Barloworld Insurance Limited[1]	O	GBP	4 100 000
Barloworld Investments (Pty) Limited	H	ZAR	900
Barloworld Logistics Africa (Pty) Limited	O	ZAR	2 859 920
Barloworld South Africa (Pty) Limited	O	ZAR	765 424
Barloworld Investments Namibia (Pty) Limited[4]	H	NAD	1 450 000
Finanzauto SA[2]	O	EUR	41 382 127
Sociedade Technica De Equipamentos e Tractores SA[5]	O	EUR	4 000 000
Zeda Car Leasing (Pty) Limited t/a Avis Fleet Services	O	ZAR	100
Barloworld Siyakhula (Pty) Limited	O	ZAR	25 000 100
Other subsidiaries*			

** A full list of subsidiaries and a list of the special resolutions of those companies are available to the shareholders, on request, from the registered office of the company.*

All companies are incorporated in (or operate principally in) the Republic of South Africa except where otherwise indicated as follows:

[1] United Kingdom

[2] Spain

[3] Botswana

[4] Namibia

[5] Portugal

Keys to type of subsidiary

H – Holding companies

O – Operating companies

F – Finance companies

Any material changes which have taken place during the year are dealt with in the appropriate operational reviews.

RIH Investment (Pty) Limited is dormant and has been moved to other subsidiaries.

Notes to the consolidated financial statements continued

for the year ended 30 September

Effective percentage holdings		Interest of holding company				Amounts owing to subsidiaries	
		Shares		Indebtedness			
2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
%	%	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm
100	100	**106**	106	**91**	91		
100	100						
100	100	**30**	30				
100	100						
100	100						
100	100						
100	100						
100	100						
100	100	**63**	63				
100	100	**108**	108	**3 176**	2 926		
100	100						
100	100	**2 152**	2 152	**10 644**	11 710	**118**	124
100	100	**4**	4				
99.7	99.7						
98.8	98.8						
100	100						
100	100						
		187	187	**182**	182	**45**	45
		2 650	2 650	**14 093**	14 909	**163**	169

Notes to the consolidated financial statements continued

for the year ended 30 September

36. Unconsolidated structures

IFRS 12 Disclosure of Interests in Other Entities requires disclosures about information on the nature and extent of the group's interest in unconsolidated structured entities.

In 2008, the group entered into a Broad-Based Black Economic Empowerment (B-BBEE) transaction that concluded during November 2015.

Included in the transaction was the arrangements with the six strategic partners and three community service groups and the interest in these entities meets the definition of unconsolidated structured entities.

On 6 November 2015, Barloworld Limited issued 450 000 shares to the SPVs and CSGs in terms of the transaction. These shares are subject to a lock-in period of 12 months from the date of issue.

The SPVs which held the Barloworld shares and the loans were not considered to be subsidiaries and were not consolidated into Barloworld Limited group results.

No loans were outstanding at September 2016 and September 2015 relating to Barloworld's interests in the unconsolidated structured entities.

37. Related party transactions

Various transactions are entered into by the company and its subsidiaries during the year with related parties. Unless specifically disclosed, these transactions occurred under terms that are no less favourable than those entered into with third parties. Intra-group transactions are eliminated on consolidation.

The following is a summary of other transactions with related parties during the year and balances due at year end:

	Associates of the group Rm	Joint ventures in which the group is a venture Rm
2016		
Goods and services sold to		
Barzem Enterprises (Pty) Limited	**34**	
Bartrac Equipment		**19**
	34	**19**
Other transactions		
Other transactions		**41**
		41
Amounts due (to)/from related parties as at end of year		
Sizwe Car Rental (Pty) Limited	**(2)**	
	(2)	
2015		
Goods and services sold to		
Barzem Enterprises (Pty) Limited	7	
Bartrac Equipment		17
	7	17
Other transactions		
Other transactions		11
		11
Amounts due (to)/from related parties as at end of year		
Sizwe Car Rental (Pty) Limited	(3)	
	(3)	

37. Related party transactions continued

Terms on other outstanding balances

Unless otherwise noted, all outstanding balances are payable within 30 days, unsecured and not guaranteed.

There are no doubtful debt provisions raised in respect of amounts due to/from related parties and no bad debts incurred during the year on these balances.

Associates and joint ventures

The loans to associates and joint ventures are repayable on demand and bear interest at market-related rates.

Details of investments in associates and joint ventures are disclosed in note 13.

Subsidiaries

Details of investments in subsidiaries are disclosed in note 35.

Directors

Details regarding directors' remuneration and interests are disclosed in note 35, and share options, share appreciation rights and forfeitable shares are disclosed in note 32.

Transactions with key management and other related parties (including directors and prescribed officers)

During the year, the Automotive trading segment sold motor vehicles to the value of R2.3 million (2015: Rnil) to key management, prescribed officers or close family members of related parties.

Shareholders

The principal shareholders of the company are disclosed on page 160 of the integrated report.

Barloworld Medical Scheme

Contributions of R167 million (2015: R163 million) were made to the Barloworld Medical Scheme on behalf of employees.

Barloworld Pension Fund

Amounts recognised in the income statement in respect of defined benefit plans was a net expense of R86 million (2015: R86 million net expense).

38. Events after the reporting period

On 17 November 2016 Barloworld signed an agreement for the sale of the assets of its Agriculture and Handling businesses in South Africa to a new operating company. The new operating entity will be held 50%:50% by Barloworld and BayWa AG, a German listed company. The closing of this transaction is contingent upon the fulfilment of the conditions precedent including approvals from the Competition Commission and principals, which we anticipate will be in place by the end of February 2017.

Consolidated seven-year summary

for the year ended 30 September

	Compound annual growth %	2016 Rm	2015 Rm
INCOME STATEMENT			
Continuing operations			
Revenue	8.5	**66 547**	62 720
Operating profit before items listed below (EBITDA)	12.4	**6 674**	6 479
Depreciation		**(2 426)**	(2 355)
Amortisation of intangible assets		**(113)**	(129)
Operating profit		**4 135**	3 995
B-BBEE charge			(251)
Operating profit including B-BBEE	18.2	**4 135**	3 744
Fair value adjustments on financial instruments		**(209)**	(198)
Finance costs	8.9	**(1 346)**	(1 252)
Income from investments		**113**	67
Profit before non-operating and capital items	25.1	**2 693**	2 361
Non-operating and capital items		**120**	(6)
Profit before taxation		**2 813**	2 355
Taxation		**(809)**	(808)
Profit after taxation		**2 004**	1 547
(Loss)/income from associates and joint ventures		**(25)**	287
Net profit from continuing operations		**1 979**	1 834
Discontinued operations			
Profit/(loss) from discontinued operations			
Net profit		**1 979**	1 834
Attributable to:			
Owners of Barloworld Limited		**1 883**	1 713
Non-controlling interests in subsidiaries		**96**	121
		1 979	1 834
Headline earnings from continuing operations – excluding B-BBEE	26	**1 772**	1 960

* *Restated for the treatment of IFRS 10, IAS 19 and discontinued operations.*
\+ *Reclassification of interest paid in the leasing business from cost of sales to finance costs.*
\# *Reclassified for the treatment of the car rental Scandinavia, Scientific and Coatings segments as discontinued operations.*

Consolidated seven-year summary continued

for the year ended 30 September

2014	2013*	2012*	2011	2010+#
Rm	Rm	Rm	Rm	Rm
62 101	59 498	53 415	49 823	40 830
6 170	5 389	4 729	3 993	3 318
(2 198)	(1 940)	(1 786)	(1 620)	(1 736)
(142)	(136)	(111)	(84)	(64)
3 830	3 313	2 831	2 289	1 518
3 830	3 313	2 831	2 289	1 518
(156)	(47)	(93)	(65)	(89)
(1 117)	(1 000)	(855)	(755)	(809)
39	28	37	62	84
2 596	2 294	1 920	1 531	704
(66)	(79)	190	62	(176)
2 530	2 215	2 110	1 593	528
(837)	(729)	(753)	(584)	(228)
1 693	1 486	1 358	1 009	300
217	185	141	71	16
1 910	1 671	1 499	1 080	316
428	46	78		(272)
2 338	1 717	1 577	1 080	44
2 143	1 609	1 501	1 017	(7)
195	108	76	63	51
2 338	1 717	1 577	1 080	44
1 813	1 645	1 296	979	443

Consolidated seven-year summary continued

for the year ended 30 September

	2016	2015
	Rm	Rm
STATEMENT OF FINANCIAL POSITION		
Assets		
Property, plant and equipment	13 806	14 380
Goodwill and intangible assets	3 728	3 240
Investments in associates, joint ventures and other non-current assets	1 518	1 503
Deferred taxation assets	1 127	783
Non-current assets	20 179	19 906
Current assets	25 015	28 052
Assets classified as held for sale	828	197
Total assets	46 022	48 155
Equity and liabilities		
Capital and reserves		
Share capital and premium	441	282
Reserves and retained income	18 501	19 144
Interest of shareholders of Barloworld Limited	18 942	19 426
Non-controlling interest	737	616
Interest of all shareholders	19 679	20 042
Non-current liabilities	12 446	12 078
Deferred taxation liabilities	703	571
Non-current liabilities	11 743	11 507
Current liabilities	13 830	15 992
Liabilities directly associated with assets classified as held for sale	67	43
Total equity and liabilities	46 022	48 155
STATEMENT OF CASH FLOWS		
Cash inflow/(outflow) from operations	5 715	(824)
Dividends paid (including non-controlling interest)	(772)	(814)
Net cash retained from/(applied to) operating activities	4 943	(1 638)
Net cash flow used in investing activities	(1 436)	(1 826)
Net cash (used in)/from financing activities	(2 753)	1 532
Net increase/(decrease) in cash and cash equivalents	754	(1 933)

* *Restated for the treatment of IFRS 10, IAS 19 and discontinued operations.*
\+ *Reclassification of interest paid in the leasing business from cost of sales to finance costs.*
\# *Reclassified for the treatment of the car rental Scandinavia and Scientific segments as discontinued operations.*

Consolidated seven-year summary continued

for the year ended 30 September

2014	2013*	2012*	2011	2010+#
Rm	Rm	Rm	Rm	Rm
12 614	11 356	9 473	8 743	7 575
3 041	3 219	2 808	2 513	2 375
937	794	685	762	921
695	654	537	649	755
17 287	16 023	13 503	12 667	11 626
26 719	24 213	22 185	18 252	14 012
	371		13	52
44 006	40 607	35 688	30 932	25 690
316	316	309	304	295
16 566	15 129	12 614	12 085	10 298
16 882	15 445	12 923	12 389	10 593
604	462	298	263	233
17 486	15 907	13 221	12 652	10 826
9 700	9 612	8 882	7 279	5 670
377	421	384	229	302
9 323	9 190	8 498	7 050	5 368
16 820	14 983	13 585	10 996	9 136
	106		5	58
44 006	40 607	35 688	30 932	25 690
1 047	2 607	(1 326)	1 915	2 565
(742)	(598)	(443)	(257)	(223)
305	2 009	(1 769)	1 658	2 342
(69)	(1 349)	(1 120)	(712)	(56)
1 070	(620)	2 715	(178)	(1 791)
1 306	40	(173)	768	495

Consolidated seven-year summary continued

for the year ended 30 September

PERFORMANCE PER ORDINARY SHARE	
Weighted average number of ordinary shares in issue during the year net of buy-back	
Earnings per share	Net profit attributable to ordinary shareholders of Barloworld Limited / Weighted average number of ordinary shares in issue, net of buy-back
Earnings per share – continuing operations	As above, but using results from continuing results only
Headline earnings per share	Net profit attributable to ordinary shareholders of Barloworld Limited + goodwill impairment -/(+) non-trading profits/(losses) net of tax and non-controlling interest thereof / Weighted average number of ordinary shares in issue, net of buy-back
Headline earnings per share – continuing operations – excluding B-BBEE	As above, but using results from continuing results only
Dividends per share	Interim and final dividends declared out of current year's earnings
Dividend cover	Headline earnings (continuing operations) + B-BBEE transaction charge (net of taxation) / Dividends paid out of current year's earnings
Net asset value per share	Interest of shareholders of Barloworld Limited, including investments at market value / Number of ordinary shares in issue, net of buy-back
PROFITABILITY AND ASSET MANAGEMENT	
Operating margin – group – excluding B-BBEE	Operating profit before B-BBEE charge and goodwill impairment / Revenue – group operations
Operating margin – continuing operations – excluding B-BBEE	Operating profit before B-BBEE charge and goodwill impairment / Revenue – continuing operations
Net asset turn	Revenue – group operations / Average net assets
Return on net assets (group)	Operating profit + B-BBEE transaction charge + investment income + income from associates and joint ventures / Average net assets
Return on net assets (trading businesses)	As per above group calculation but excluding leasing and car rental businesses
Return on net operating assets (group)	Operating profit + B-BBEE transaction charge + investment income + income from associates and joint ventures / Average net operating assets
Return on ordinary shareholders' funds (excluding exceptional items) (group)	Net profit attributable to ordinary shareholders of Barloworld Limited – net non-operating and capital items + B-BBEE transaction charge (net of tax) / Average interest of shareholders of Barloworld Limited
Replacement capex to depreciation	Replacement capital expenditure / Depreciation charge
Effective rate of taxation – continuing operations	Tax charge – prior year tax – non-operating and capital items tax – secondary tax on companies / Profit before tax -/(+) non-operating and capital items + goodwill impairment

** Restated for the treatment of IFRS 10, IAS 19 and discontinued operations.*
+ Reclassification of interest paid in the leasing business from cost of sales to finance costs.
 # Reclassified for the treatment of the car rental Scandinavia and Scientific segments as discontinued operations.

Consolidated seven-year summary continued

for the year ended 30 September

	Targets	2016	2015 Restated	2014 Restated	2013*	2012*	2011	2010+#
(000)		**211 425**	211 843	211 669	211 011	210 693	210 708	209 469
SA cents		**890.5**	808.7	1 012.3	763.0	711.9	482.7	(3.3)
US cents		**60.4**	67.5	95.8	82.2	88.8	60.2	(0.4)
SA cents		**890.5**	808.7	810.3	739.9	675.7	482.7	126.5
US cents		**60.4**	67.5	76.7	79.7	84.2	60.2	16.9
SA cents		**838.1**	813.8	882.5	820.8	651.7	464.6	170.9
US cents		**56.8**	67.9	83.5	88.4	81.2	57.9	22.8
SA cents		**838.1**	925.5	856.5	779.6	615.1	464.6	211.5
US cents		**56.8**	77.3	81.0	84.0	76.7	57.9	28.3
SA cents		**345**	345	320	291	230	155	75
US cents		**23.4**	28.8	30.3	31.3	28.7	19.3	10.0
times		**2.4**	2.6	2.5	2.5	2.5	2.8	2.6
SA cents		**8 997**	9 157	7 941	7 266	6 087	5 839	5 032
US cents		**654**	661	703	722	738	708	721
%	>6.5	**6.2**	6.4	6.0	5.3	5.1	14.7	3.7
%	>6.5	**6.2**	6.4	6.2	5.6	5.3	5.3	3.7
times	>2.8	**2.1**	2.1	2.4	2.6	2.9	3.1	2.2
%	>18	**13.5**	13.4	15.3	14.8	15.4	13.0	8.2
%	>20	**12.6**	12.8	15.2	15.3	16.7	13.9	7.1
%	>20	**15.9**	17.0	18.7	18.0	18.5	17.1	9.3
%	>15	**9.2**	10.9	11.6	12.2	10.6	11.6	3.2
%		**18.9**	29.3	21.6	17.3	18.5	18.8	18.0
%		**27.4**	37.1	34.1	31.8	32.6	34.2	33.8

Consolidated seven-year summary continued

for the year ended 30 September

LIQUIDITY AND LEVERAGE		
Total liabilities to total shareholders' funds	Non-current liabilities – deferred tax liabilities + current liabilities	Interest of all shareholders
Net debt to total shareholders' funds	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans – cash and cash equivalents	Interest of all shareholders
Total borrowings to total shareholders' funds – Total group – Trading businesses – Leasing businesses – Car rental businesses	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond	Interest of all shareholders
Net borrowings/EBITDA	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond – cash and cash equivalents	Operating profit + impairment of goodwill and intangible assets + depreciation charge
Current ratio	Current assets	Current liabilities
Quick ratio	Current assets – inventories	Current liabilities
Interest cover – continuing operations – Total group – Trading businesses – Leasing businesses – Car rental businesses	Profit before exceptional items + goodwill impairment + B-BBEE transaction charge + interest paid (including interest capitalised and interest included in cost of sales)	Interest paid (including interest capitalised and interest included in cost of sales)
VALUE ADDED		
Number of employees		
Revenue per employee	Revenue	Average number of employees
Value created per employee	Total value created per value added statement	Average number of employees
Employment cost per employee	Salaries, wages and other benefits paid to employees	Average number of employees

* *Restated for the treatment of IFRS 10, IAS 19 and discontinued operations.*
\+ *Reclassification of interest paid in the leasing business from cost of sales to finance costs.*
\# *Reclassified for the treatment of the car rental Scandinavia and Scientific segments as discontinued operations.*

Consolidated seven-year summary continued

for the year ended 30 September

	Targets	2016	2015	2014	2013*	2012*	2011	2010+#
			Restated	Restated				
%	<150	**130.3**	137.4	149.5	152.0	167.0	142.6	134.0
%		**40.7**	55.1	40.9	47.5	57.6	35.5	46.6
%		**56.1**	66.9	64.7	64.0	76.0	57.2	64.4
%	30 – 50	**28.9**	42.9	39.7	38.0	50.0	30.5	34.0
%	600 – 800	**720.1**	688.4	661.8	665.7	601.2	577.0	482.4
%	200 – 300	**216.4**	210.9	205.4	224.4	217.0	196.4	202.1
times	<2.5	**1.2**	1.8	1.6	1.4	1.6	1.0	1.3
	>1	**1.8**	1.8	1.6	1.6	1.6	1.7	1.5
	>0.5	**1.1**	0.9	0.9	0.8	0.8	1.0	1.0
times	>3	**3.0**	2.9	3.3	3.3	3.2	3.0	1.9
times	>4	**3.7**	3.5	4.0	4.5	4.6	4.4	2.0
times	>1	**1.8**	1.9	2.2	2.2	1.9	1.9	2.2
times	>1.25	**2.3**	2.3	2.4	2.0	1.4	1.4	1.4
		20 786	19 745	19 616	19 204	18 741	18 671	18 167
R000		**3 283.8**	3 186.9	3 342.8	3 136.0	2 855.5	2 705.0	2 267.7
R000		**798.0**	790.1	813.6	751.1	678.2	590.2	539.5
R000		**469.9**	452.7	469.0	453.6	410.8	368.4	342.5

Consolidated seven-year summary continued

for the year ended 30 September

ORDINARY SHARES PERFORMANCE – JSE	
Closing market prices per share	
– year end (30 September)	
– highest	
– lowest	
Number of shares in issue at 30 September##	
Volume of shares traded	
Value of shares traded	
Earnings yield	Headline earnings per share / Closing market price per share
Dividend yield	Dividends per share / Closing market price per share
Total shareholder return – Barloworld Limited	
– Annual share price (loss)/gain	
– Total shareholder return	Annual share price gain + dividend yield
Total shareholder return – JSE all share (Alsi) index	
– Alsi index (30 September)	
– Gain/(loss) in Alsi index – year to 30 September	
– Dividend yield	
– Total shareholder return	
Price:Earnings ratio	Closing market price per share / Headline earnings per share
Price:Earnings ratio – JSE Alsi index	
Market capitalisation at 30 September	Closing market price per share X number of shares in issue at 30 September
Premium (under)/over interest of shareholders of Barloworld Limited	Market capitalisation – interest of shareholders of Barloworld Limited

** Restated for the treatment of IFRS 10, IAS 19 and discontinued operations.*
+ Reclassification of interest paid in the leasing business from cost of sales to finance costs.
 # Reclassified for the treatment of the car rental Scandinavia, Scientific and Coatings segments as discontinued operations.
The number of shares in issue excludes shares issued in respect of the BEE transaction other than to the general staff trust.

Consolidated seven-year summary continued

for the year ended 30 September

	2016	2015	2014	2013*	2012*	2011	2010+#
		Restated	Restated				
SA cents	**8 327**	7 540	9 250	9 538	7 190	6 037	4 680
US cents	**606**	544	819	948	871	751	671
SA cents	**9 095**	10 600	11 648	10 000	10 492	7 770	5 615
SA cents	**5 192**	7 530	8 790	6 790	6 700	4 706	4 001
million	**211**	212	213	213	212	212	212
million	**361**	173	170	168	213	289	264
Rm	**25 822**	15 941	17 552	14 213	17 456	15 696	12 286
%	**10.1**	12.3	9.3	8.6	7.7	7.7	3.7
%	**4.1**	4.4	3.3	3.1	2.6	2.6	1.6
%	**10.4**	(18.5)	(3.0)	32.7	19.1	29.0	(4.5)
%	**14.5**	(14.1)	0.3	35.7	21.7	31.6	(2.9)
	51 950	50 089	49 336	44 032	35 758	29 674	29 456
%	**3.7**	1.5	12.0	23.1	20.5	0.7	18.2
%	**2.9**	3.1	2.9	2.9	2.6	3.0	2.3
%	**5.7**	4.6	15.0	26.0	23.1	3.7	20.6
times	**9.9**	9.3	10.5	12.6	10.6	13.0	27.4
	23.4	26.7	16.9	19.8	7.8	9.5	6.0
Rm	**17 532**	15 995	19 664	22 043	15 265	12 809	9 910
Rm	**(1 410)**	(3 431)	2 782	6 598	2 342	420	(683)

Consolidated summary in other currencies#

for the year ended 30 September

	US Dollar	
	2016	2015
	$m	$m
INCOME STATEMENT		
Revenue	**4 512**	5 235
Operating profit before items listed below (EBITDA)	**452**	541
Depreciation	**(164)**	(197)
Amortisation of intangible assets	**(8)**	(11)
Operating profit	**280**	333
B-BBEE charge		(21)
Operating profit including B-BBEE	**280**	312
Fair value adjustments on financial instruments	**(14)**	(17)
Finance costs	**(91)**	(105)
Income from investments	**8**	6
Profit before non-operating and capital items	**183**	197
Non-operating and capital items	**8**	(1)
Profit before taxation	**191**	197
Taxation	**(55)**	(67)
Profit after taxation	**136**	130
Income from associates and joint ventures	**(2)**	24
Net profit	**134**	154
Attributable to:		
Owners of Barloworld Limited	**128**	143
Non-controlling interests in subsidiaries	**6**	11
	134	154
Headline earnings – excluding B-BBEE	**120**	164
Earnings per share (cents)	**60.4**	67.5
Ordinary dividends per share (cents)	**50.8**	67.5

These schedules are provided for convenience purposes only. The presentation currency used for the financial statements and notes is South African Rand.

Consolidated summary in other currencies#

for the year ended 30 September

Pound Sterling		Euro	
2016	2015	**2016**	2015
£m	£m	**€m**	€m
3 170	3 387	**4 078**	4 570
318	350	**409**	472
(116)	(127)	**(149)**	(172)
(5)	(7)	**(7)**	(9)
197	216	**253**	291
	(14)		(18)
197	202	**253**	273
(10)	(11)	**(13)**	(14)
(64)	(68)	**(82)**	(91)
5	4	**7**	5
128	127	**165**	172
6		**7**	
134	127	**172**	172
(39)	(44)	**(50)**	(59)
95	83	**122**	113
(1)	15	**(2)**	21
94	98	**120**	134
90	93	**115**	125
4	5	**5**	9
94	98	**120**	134
84	106	**109**	143
42.4	43.7	**54.6**	58.9
35.7	43.7	**45.9**	58.9

Consolidated financial statements

Consolidated summary in other currencies# continued

for the year ended 30 September

	US Dollar	
	2016	2015
	$m	$m
STATEMENT OF FINANCIAL POSITION		
Assets		
Property, plant and equipment	**1 004**	1 038
Goodwill and intangible assets	**271**	234
Investment in associates, joint ventures and other non-current assets	**110**	108
Deferred taxation assets	**82**	56
Non-current assets	**1 467**	1 436
Current assets	**1 820**	2 024
Assets classified as held for sale	**60**	14
Total assets	**3 347**	3 474
Equity and liabilities		
Capital and reserves		
Share capital and premium	**32**	20
Reserves and retained income	**994**	999
Non-distributable reserves – foreign currency translation	**352**	382
Interest of shareholders of Barloworld Limited	**1 378**	1 401
Non-controlling interest	**54**	44
Interest of all shareholders	**1 432**	1 445
Non-current liabilities	**905**	871
Deferred taxation liabilities	**51**	41
Non-current liabilities	**854**	830
Current liabilities	**1 005**	1 154
Liabilities directly associated with assets classified as held for sale	**5**	3
Total equity and liabilities	**3 347**	3 474
STATEMENT OF CASH FLOWS		
Cash inflow/(outflow) from operations	**387**	(69)
Dividends paid (including non-controlling interest)	**(52)**	(68)
Net cash retained from/(applied to) operating activities	**335**	(137)
Net cash flow used in investing activities	**(97)**	(152)
Net cash (used in)/from financing activities	**(187)**	128
Net increase/(decrease) in cash and cash equivalents	**51**	(161)
Exchange rates used:		
Balance sheet – closing rate (Rand)	**13.75**	13.86
Income statement and cash flow statement – average rate (Rand)	**14.75**	11.98

These schedules are provided for convenience purposes only. The presentation currency used for the financial statements and notes is South African Rand.

Consolidated summary in other currencies# continued

for the year ended 30 September

Pound Sterling		Euro	
2016	2015	**2016**	2015
£m	£m	**€m**	€m
773	687	**894**	932
209	155	**241**	210
85	72	**98**	97
63	37	**73**	51
1 130	951	**1 306**	1 290
1 401	1 339	**1 619**	1 817
46	9	**54**	13
2 577	2 299	**2 979**	3 120
25	13	**29**	18
765	661	**884**	897
271	253	**313**	343
1 061	927	**1 226**	1 258
41	29	**48**	40
1 102	956	**1 274**	1 298
697	576	**806**	783
39	27	**46**	37
658	549	**760**	746
774	764	**895**	1 036
4	2	**4**	3
2 577	2 299	**2 979**	3 120
272	(44)	**350**	(60)
(37)	(44)	**(47)**	(59)
235	(88)	**303**	(119)
(68)	(99)	**(88)**	(133)
(131)	83	**(169)**	112
36	(104)	**46**	(140)
17.86	20.94	**15.45**	15.43
20.99	18.52	**16.32**	13.73

Definitions

Below is a list of key definitions of financial terms used in the integrated report of Barloworld Limited (the company) and the group:

Accounting policies

The specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements.

Changes in accounting policies are accounted for in accordance with the transitional provisions in International Financial Reporting Standards (IFRS). If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised in profit or loss.

Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are corrected prospectively.

Accrual accounting

The effects of transactions and other events are recognised when they occur rather than when the cash is received or paid.

Actuarial gains and losses

The effect of differences between the previous actuarial assumptions and what has actually occurred, as well as changes in actuarial assumptions.

Amortised cost

The amount at which a financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or non-collectability.

Asset

A resource controlled by the entity as a result of a past event from which future economic benefits are expected to flow.

Associate

An entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the associate, but is not control or joint control over those policies.

Available-for-sale financial assets

Those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Borrowing costs

Interest and other costs incurred in connection with the borrowing of funds.

Business combination

A business is an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to participants.

A business combination is the bringing together of separate entities or businesses into one reporting entity.

Carrying amount

The amount at which an asset is recognised after deducting any accumulated depreciation or amortisation and accumulated impairment losses.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Definitions continued

Cash flow hedge
A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with an asset, or a liability that could affect profit or loss or a highly probable forecast transaction that could affect profit or loss.

Cash-generating unit
The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Cash-settled share-based payment transaction
A share-based payment transaction in which the entity acquires goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of the entity's shares or other equity instruments of the entity.

Change in accounting estimate
An adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

Chief operating decision maker (key management)
Those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

In terms of this definition, the executive committee of Barloworld Limited has been identified as the chief operating decision maker.

Constructive obligation
An obligation that derives from an established pattern of past practice, published policies or a sufficiently specific current statement, in which the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Consolidated financial statements
The financial statements of a group presented as those of a single economic entity.

Contingent asset
A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability
A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Cost of sales
When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

Costs to sell
The incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.

Date of transaction
The date on which the transaction first qualifies for recognition in accordance with International Financial Reporting Standards.

Depreciation (or amortisation)
The systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset, or other amount substituted for cost, less its residual value.

Definitions continued

Derecognition
The removal of a previously recognised asset or liability from the statement of financial position.

Derivative
A financial instrument whose value changes in response to an underlying item, requires no initial or little net investment in relation to other types of contracts that would be expected to have a similar response to changes in market factors and is settled at a future date.

Development
The application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before starting commercial production or use.

Diluted earnings per share
Profit or loss attributable to ordinary equity holders of the parent entity divided by the weighted average number of ordinary shares outstanding during the period, both adjusted for the effects of all dilutive potential ordinary shares.

Dilution
A reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.

Discontinued operation
A component that has either been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operation, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation, or a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement and the assets and liabilities associated with these operations are shown as held for sale in the statement of financial position.

Employee benefits
All forms of consideration (excluding share options granted to employees) given in exchange for services rendered by employees.

Events after the reporting period (post-balance sheet)
Recognised amounts in the financial statements are adjusted to reflect events arising after the financial position date that provide evidence of conditions that existed at the financial position date. Events after the financial position date that are indicative of conditions that arose after the financial position date are dealt with by way of a note.

Equity
Debt and equity instruments are classified as either financial liabilities or as equity based on the substance of the contractual arrangement.

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Equity instrument
A contract or certificate that evidences a residual interest in the total assets after deducting the total liabilities.

Equity method
A method in which the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the share of net assets of the investee. Profit or loss includes the share of the profit or loss of the investee.

Equity-settled share-based payment transaction
A share-based payment transaction in which the entity receives goods or services as consideration for equity instruments of the entity (including shares or share options).

Non-operating and capital items
Non-operating and capital items cover those amounts, which are not considered to be of an operating/trading nature, and generally include remeasurements due to:
- Impairments of goodwill and non-current assets
- Gains and losses on the measurement to fair value less costs to sell (or on the disposal) of assets or disposal groups constituting discontinued operations
- Gains and losses on the measurement to fair value less costs to sell of non-current assets or disposal groups classified as held for sale
- Gains and losses on the disposal of fixed property

– Recycling through profit or loss of foreign currency translation reserves upon disposal of entities whose functional currencies are different to the group's presentation currency
– Recycling through profit or loss of fair value gains and losses previously recognised in other comprehensive income upon the disposal of available-for-sale financial assets and realisation of hedges of a net investment in a foreign operation
– The group's proportionate share of non-operating and capital items (determined on the same basis) of associates and joint arrangements.

Remeasurements to fair value of other financial instruments (including amounts recycled through profit or loss under cash flow hedges that were previously recognised in other comprehensive income) are not included in non-operating and capital items.

Expenses
The decreases in economic benefits in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Fair value
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.

Fair value hedge
A hedge of exposure to changes in fair value of a recognised asset, liability or firm commitment.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Financial asset or liability at fair value through profit or loss
A financial asset or financial liability that is classified as held for trading or is designated as such on initial recognition other than investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

Financial assets
A financial asset is an asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Financial instrument
A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liabilities
A financial liability is a liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial risk
The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Firm commitment
A binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

Forecast transaction
An uncommitted but anticipated future transaction.

Going concern basis
The assumption that the entity will continue in operation for the foreseeable future.

Gross investment in lease
The aggregate of the minimum lease payments receivable by the lessor under a finance lease and any unguaranteed residual value accruing to the lessor.

Definitions continued

Hedged item
An asset, liability, firm commitment, highly probable forecast transaction or net investment in a foreign operation that exposes the entity to risk of changes in fair value or future cash flows and is designated as being hedged.

Hedging instrument
A designated derivative or non-derivative financial asset or non-derivative financial liability whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

Hedge effectiveness
The degree to which changes in the fair value or cash flows of the hedged item that is attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.

Held-for-trading financial asset or financial liability
One that is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or as part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative (except for a derivative that is a designated and effective hedging instrument).

Immaterial
If individually or collectively it would not influence the economic decisions of the users of the financial statements.

Impairment loss
The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Impracticable
Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

Income
Increase in economic benefits in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.

Insurance asset
An insurer's net contractual rights under an insurance contract.

Insurance liability
An insurer's net contractual obligations under an insurance contract.

Insurance risk
Risk, other than financial risk, transferred from the holder of a contract to the issuer.

Insured event
An uncertain future event that is covered by an insurance contract and creates insurance risk.

Insurer
The party that has an obligation under an insurance contract to compensate a policyholder if an insured event occurs.

Joint arrangement
An arrangement in which two or more parties have joint control.

Joint control
The contractually agreed sharing of control which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

Joint operation
A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

Definitions continued

Joint venture
A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Legal obligation
An obligation that derives from a contract, legislation or other operation of law.

Liability
A present obligation of the entity arising from a past event, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

Loans and receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Market condition
A condition upon which the exercise price, vesting or exercisability of an equity instrument depends on and is related to the market price of the entity's equity instruments, such as attaining a specified share price or a specified amount of intrinsic value of a share option, or achieving a specified target that is based on the market price of the entity's equity instruments relative to an index of market prices of equity instruments of other entities.

Minimum lease payments
Payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor including in the case of a lessee, any amounts guaranteed by the lessee or by a party related to the lessee or in the case of a lessor, any residual value guaranteed to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

Net assets
Net operating assets plus goodwill, cash and cash equivalents.

Net investment in the lease
The gross investment in the lease discounted at the interest rate implicit in the lease.

Net operating assets
Segment assets less segment liabilities.

Non-controlling interest
The equity in a subsidiary not attributable, directly or indirectly, to a parent.

Operating lease
A lease other than a finance lease.

Operating segments
Operating segments are identified on the basis of management reports of the group that are regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Management has determined the operating segments based on the management reports and report on the operating segments as follows:

The Equipment segment provides customers with integrated solutions that include Caterpillar earthmoving equipment, engines and other complementary brands.

The Handling segment provides customers with innovative solutions for material handling needs including lift trucks, warehouse handling equipment and distribution of agricultural equipment.

The Automotive segment provides customers with integrated motor vehicle usage solutions through the operation of car rental, motor retail and fleet services.

The Logistics segment provides customers with traditional logistics services and supply chain management solutions.

The Corporate segment comprises all the other group activities including the operations of the corporate office in Johannesburg and treasury in the United Kingdom.

Definitions continued

Segment accounting policies are consistent with those adopted for the preparation of the group financial statements.

The executive committee evaluates the segment performance based on the operating results plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the group's treasury operations. All intra-segment transactions are eliminated on consolidation.

Owner-occupied property

Property held by the owner or by the lessee under a finance lease for use in the production or supply of goods or services or for administrative purposes.

Past service cost

The increase or decrease in the present value of the defined benefit obligation for employee service in prior periods resulting from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

Policyholder

A party that has a right to compensation under an insurance contract if an insured event occurs.

Post-employment benefits

Employee benefits (other than termination benefits) that are payable after the completion of employment.

Post-employment benefit plans

Formal or informal arrangements under which an entity provides post-employment benefits to employees. Defined contribution benefit plans are where there are no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Presentation currency

The currency in which the financial statements is presented.

Present value

A current estimate of the present discounted value of the future net cash flows in the normal course of business.

Prior period error

An omission from or misstatement in the financial statements for one or more prior periods arising from a failure to use, or misuse, of reliable information that was available when financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained and taken into account in the preparation of those financial statements.

Projected unit credit method

An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Prospective application

Applying a new accounting policy to transactions, other events and conditions occurring after the date the policy changed or recognising the effect of the change in an accounting estimate in the current and future periods.

Recognition of assets and liabilities

Assets are only recognised if they meet the definition of an asset, it is probable that future economic benefits associated with the asset will flow to the group and the amount at which the settlement would take place or fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, it is probable that future economic benefits associated with the liability will flow from the group and the cost or fair value can be measured reliably.

Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract.

Regular way purchases and sales are recognised using trade date accounting.

Recoverable amount

The higher of an asset or cash-generating unit's fair value less cost to sell and its value in use.

Regular way purchase or sale

A purchase or sale of a financial asset under a contract, the terms of which require delivery of the asset within the timeframe established by regulation or convention in the marketplace concerned.

Research

The original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Residual value

The estimated amount which an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Restructuring

A programme that is planned and controlled by management, and materially changes either the scope of a business undertaken by an entity or the manner in which that business is conducted.

Retrospective application

Applying a new accounting policy to transactions, other events and conditions, as if that policy had always been applied.

Retrospective restatement

Correcting the recognition, measurement and disclosure of amounts as if a prior period error had never occurred.

Revenue

Revenue represents the gross inflow of economic benefits during the period arising in the course of the ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from equity participants.

Segment assets

Total assets less goodwill, cash on hand, deferred and current taxation assets.

Segment liabilities

Non-interest-bearing current and non-current liabilities, excluding deferred and current taxation liabilities.

Segment result

Segment result represents operating profit plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the group's treasury operations.

Share-based payment transactions

A cash-settled share-based payment transaction is the acquisition of goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of the entity's shares or other equity instruments.

An equity-settled share-based payment transaction is a transaction where goods or services are received and settled in equity instruments of the entity (including shares or share options).

Tax base

The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or is the carrying amount of the asset if the economic benefits are not taxable.

The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods.

The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

Temporary differences

The differences between the carrying amount of an asset or liability and its tax base.

Definitions continued

Transaction costs
Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, ie those that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Treasury shares
An entity's own equity instruments, held by the entity or other members of the consolidated group.

Unearned finance income
The difference between the gross investment in the lease and the net investment in the lease.

Useful life
The period over which an asset is expected to be available for use or the number of production or similar units expected to be obtained from the asset.

Value in use
The present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Vest
To become an entitlement. Under a share-based payment arrangement, a counterparty's rights to receive cash, other assets or equity instruments of the entity vests when the counterparty's entitlement is no longer conditional on the satisfaction of any vesting conditions.

Vesting conditions
The conditions that determine whether the entity receives the services that entitle the counterparty to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement. Vesting conditions are either service conditions or performance conditions. Service conditions require the counterparty to complete a specified period of service. Performance conditions require the counterparty to complete a specified period of service and specified performance targets to be met (such as a specified increase in the entity's profit over a specified period of time). A performance condition might include a market condition.

Vesting period
The period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied.

Corporate information

Barloworld Limited

(Registration number 1918/000095/06)
JSE codes: BAW and BAWP
ISIN: ZAE000026639 and ZAE000026647

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Enquiries

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BASTION GRAPHICS

Barloworld
Leading brands

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