FIRSTRAND LIFE ASSURANCE LIMITED

(Registration Number: 2014/264879/06)

AUDITED ANNUAL FINANCIAL STATEMENTS

For the period ended 30 June 2015

Prepared under supervision of:
Eugene Lufhugu CA(SA) CFO

FIRSTRAND LIFE ASSURANCE LIMITED
(Registration Number: 2014/264879/06)
AUDITED ANNUAL FINANCIAL STATEMENTS
For the period ended 30 June 2015

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FIRSTRAND LIFE ASSURANCE LIMITED
DIRECTORS' RESPONSIBILITY FOR AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS
For the period ended 30 June 2015

Directors' responsibility for and approval of the annual financial statements

The directors are responsible for the maintenance of adequate accounting records and the integrity of the annual financial statements of FirstRand Life Assurance Limited (the Company). The financial statements presented on pages 10 to 33 have been prepared in accordance with International Financial Reporting Standards. The Company's independent external auditors, Deloitte & Touche, have audited the annual financial statements and their audit report appears on page 3.

The directors are also responsible for the Company's system of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the annual financial statements, to adequately safeguard, verify and maintain accountability of assets and to prevent and detect material misstatement and loss.

The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the Company will not be a going concern in the foreseeable future based on forecasts and available cash resources, and continued support from its holding company.

Deloitte & Touche were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate.

The annual financial statements on pages 10 to 33 were approved by the board of directors on 28 October 2015 and are signed on its behalf by:

DIRECTOR | DIRECTOR

Declaration by the company secretary

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

Carnita Low
Company Secretary

Johannesburg

28 October 2015

Deloitte.

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Gallo Manor 2052
South Africa

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF FIRSTRAND LIFE ASSURANCE LIMITED

We have audited the financial statements of FirstRand Life Assurance Limited set out on pages 10 to 33, which comprise the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 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 financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of FirstRand Life Assurance Limited as at 30 June 2015, and its financial performance and its cash flows for the period 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 financial statements for the period ended 30 June 2015, we have read the Directors' Report, the Statutory Actuary's Report, and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited 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 these reports.

Deloitte & Touche
Registered Auditor
Per: Diana Jorge
Partner
28 October 2015

FIRSTRAND LIFE ASSURANCE LIMITED
DIRECTOR'S REPORT
For the period ended 30 June 2015

The directors have pleasure in submitting their report on the activities of the Company.

1. INCORPORATION

The Company was incorporated on 28th November 2014 and obtained its certificate to commence business on the same day. This is the first period of operation of the Company hence no comparatives have been presented

2. NATURE OF BUSINESS

The Company is involved in the business of providing long term insurance.

3. TRADING RESULTS

The trading results of the Company are set out fully in the attached annual financial statements.

4. STATED CAPITAL

During the financial period under review the company issued 100 ordinary shares of no par for the consideration of R65 million. The shares were issued to the holding company. There is no non-controlling interest.

5. HOLDING COMPANY

The Company is a subsidiary of FirstRand Insurance Holdings (Proprietary) Limited and its ultimate holding company is FirstRand Limited. Both companies are incorporated in the Republic of South Africa.

6. GOING CONCERN

The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the Company will not be a going concern in the foreseeable future based on forecasts and available cash resources, and continued support from its holding company.

7. DIRECTORS

The composition of the board of directors during the period and at the date of this report was as follows:

R. Loubser	Independent Non-Executive (Chairman)	Appointed 28 November 2014
G. Little	Non-Executive	Appointed 28 November 2014
H. Kellan	Non-Executive	Appointed 28 November 2014
J. Celliers	Non-Executive	Appointed 28 November 2014
J. Burger	Non-Executive	Appointed 28 November 2014
S. Nxasana	Non-Executive	Appointed 28 November 2014
L. Bromfield	Executive	Appointed 29 January 2015
F. Knoetze	Independent Non-Executive	Appointed 29 January 2015

8. SECRETARY

The Company Secretary is Carnita Low

Business address:	**Postal address:**
4 Merchant Place	Company Secretary's Office
Cnr Fredman and Rivonia Road	PO Box 650149
Sandton	Benmore
	2196

9. COMPANY ADDRESSES

Business address:	**Postal address:**
4th Floor, 5 First Place	Company Secretary's Office
Bank City	PO Box 650149
Corner Jeppe and Sauer Street	Benmore
Johannesburg	2010

10. AUDITORS

The Company's auditors are Deloitte & Touche.

Business address:	**Postal address:**
Deloitte Place	Private Bag x6
The Woodlands Office Park	Gallo Manor
20 Woodlands Drive	2052
Woodmead	

11. EVENTS AFTER THE REPORTING DATE

Subsequent to 30 June 2015, the Company has issued an additional 100 ordinary shares of no par value for R76 million.

12. PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared under supervision of Eugene Lufhugu CA (SA), the Chief Financial Officer of FirstRand Life Assurance Limited, a wholly owned subsidiary of FirstRand Limited.

13. SPECIAL RESOLUTIONS

No special resolutions were passed post year end.

14. DIVIDENDS

No dividends were declared by the Company during the period.

A STATUTORY ACTUARIAL REPORT IN THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF ACTUARIAL VALUES OF ASSETS AND LIABILITIES
at 30 June 2015

The values of the assets and liabilities for inclusion in the financial statements are calculated on the Published Reporting Basis. The value of the assets and liabilities for submission to the Financial Services Board in the Statutory Returns are calculated on the Statutory Basis. Some of the assets are deemed to be inadmissible on the Statutory Basis.

Statement of Actuarial Values of Assets and Liabilities

	Note	FY2015 R000's	FY2014 R000's
Published Reporting Basis (IFRS)			
Value of assets	1	65 053	
Less: Liabilities		-745	
Actuarial value of policy liabilities	2	0	
Other liabilities	3	-745	
Excess of assets over liabilities on Published Reporting Basis		64 308	
Statutory Basis (SVM)			
Total value of admissible assets		35 839	
Value of assets	1	65 053	
Less: Inadmissible assets on the Statutory Basis	4	-29 214	
Less: Liabilities		-745	
Actuarial value of policy liabilities	2	0	
Other liabilities	3	-745	
Excess of assets over liabilities on Statutory Basis		35 094	
Capital Adequacy Requirement (CAR)	5	10 000	
Times CAR covered by excess admissible assets on Statutory Basis		3.51	

1. **Value of assets**

   Assets were valued at statement of financial position values, i.e. at market value as described in the accounting policies.

2. **Actuarial value of policy liabilities**

   FirstRand Life did not have any policyholder liabilities at the valuation date. No expense reserve was held although expense losses have been made over the prior period and may be made in the coming period. Without any policies in force there is no basis to project future expenses in respect of the administration of policies.

3. **Other liabilities**

   This amount has been taken directly from the statement of financial position. The provision consistent mainly of a provision for staff leave payments.

4. **Inadmissible assets**

   The value of certain assets cannot be taken into account on the statutory basis according to the admissibility requirements of the Long Term Insurance Act. For the valuation as at 30 June 2015, there was a total of R29.2m inadmissible assets to be excluded.

5. **Capital Adequacy Requirement**

   The capital adequacy requirement provides for a buffer against the possibility of future experience deviating negatively from the assumptions made in calculating the policy liabilities and against fluctuations in the value of assets. The capital adequacy requirement was calculated in terms of the Financial Services Board's Board Notice 14 of 2010 with an effective date of 28 February 2010.

   The Board Notice requires a minimum capital adequacy requirement which is an amount equal to R10m. Given there are no policies in force at the valuation date, TCAR was zero, OCAR was negligible and thus MCAR of R10m has been held.

Certification of the valuator

The valuation of FirstRand Life Limited as at 30 June 2015, the results of which are summarised above, has been conducted in accordance with, and this actuarial report has been produced in accordance with, the applicable Actuarial Society of South Africa Professional Guidance Notes and the applicable statutory requirements.

I have accepted that the financial statements were prepared in terms of IFRS and Companies Act of South Africa.

Based on the valuation I certify that FirstRand Life Limited is financially sound on the Statutory Basis as at 30 June 2015 and, in my opinion, is likely to remain financially sound for the foreseeable future.

David Kirk

D KIRK FASSA
Statutory Actuary
4 August 2015

Analysis of change in excess assets

	FY2015 R000's	FY2014 R000's
Change in excess assets on Published Reporting Basis	64 308	
Analysis of change in excess assets on Published Reporting Basis:		
Increase in capital	65 000	
Interest income	1 547	
Operating expenses	-1 802	
Tax incurred	-437	
Total change in excess assets on Published Reporting Basis	64 308	
Reconciliation to statutory reporting basis		
Change in inadmissible assets	-29 214	
Total change in excess admissible assets on statutory reporting basis	35 094	

FIRSTRAND LIFE ASSURANCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the period 30 June 2015

	Notes	2015 R000s
Revenue		
Interest income	4	1 547
Total revenue		1 547
Operating expenses		(1802)
Loss before taxation	5	(255)
Taxation	6	(437)
Loss for the period		(692)
Total comprehensive loss for the period		(692)

FIRSTRAND LIFE ASSURANCE LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Notes	2015 R000s
ASSETS		
Non-current assets		
Intangible assets	7	6 746
Investment in securities and other investments	8	30 000
Total non-current assets		36 746
Current assets		
Trade and other receivables	9	527
Cash and cash equivalents	10	27 780
Total current assets		28 307
TOTAL ASSETS		**65 053**
EQUITY AND LIABILITIES		
Equity		
Share capital	11	65 000
Accumulated loss		(692)
Total equity		64 308
Non current liabilities		
Employee liabilities	12	488
Current liabilities		
Trade and other payables	13	257
Total liabilities		745
TOTAL EQUITY AND LIABILTIES		**65 053**

FIRSTRAND LIFE ASSURANCE LIMITED
STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2015

	Stated capital R000s	Accumulated loss R000s	Total R000s
Balance on incorporation	-	-	-
Issue of stated capital	65 000	-	65 000
Total comprehensive loss for the period	-	(692)	(692)
Balance at 30 June 2015	65 000	(692)	64 308

FIRSTRAND LIFE ASSURANCE LIMITED
STATEMENT OF CASH FLOWS
For the period ended 30 June 2015

	Notes	2015 R000s
OPERATING ACTIVITIES		
Cash receipts from customers		-
Cash paid to employees and suppliers		(1 584)
Cash utilised by operations	14	(1 584)
Interest received		1 547
Taxation paid	15	(437)
Net cash utilised by operating activities		(474)
INVESTING ACTIVITIES		
Acquisition of intangible assets		(6 746)
Acquisition of investment securities and other investments		(30 000)
Net cash utilised in investing activities		(36 746)
FINANCING ACTIVITIES		
Proceeds from the issue of stated capital		65 000
Net cash generated from financing activities		65 000
Net increase in cash and cash equivalents		27 780
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	10	27 780

1. General information

FirstRand Life Assurance Limited is Life assurance provider. The license for which was granted in the 2015 financial year. At year end the newly formed entity had yet to trade on their insurance license.

The company adopts the following accounting policies in preparing its financial statements.

2. Accounting Policies

2.1 Basis for Preparation

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

- The amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in other Entities* and IAS 27 *Separate Financial Statements* provide an exemption to the consolidation requirement for entities that meet the definition of an investment entity in terms of IFRS 10. If the exemption is applied, the amendments allow investment entities to account for investments in subsidiaries at fair value through profit or loss. These amendments have no impact to the company, since neither the company itself nor any of the entities in the group meets the definition of an investment entity in terms of IFRS 10.
- IAS 19 *Employee Benefits* was amended to clarify the requirements relating to how contributions from employees or third parties that are linked to service should be attributed to periods of service. The amendment permits contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to periods of service. Other contributions by employees or third parties that are not linked to service should be attributed to periods of service using the plan's contribution formula or on a straight-line basis. The amendments did not have an impact on the company.
- The amendments to IAS 32 *Financial Instruments: Presentation* clarifies the existing requirements relating to the offsetting of financial assets and financial liabilities. It specifically clarifies that the right of set-off must not be contingent on a future event and must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The company's interpretation of the offsetting requirements has always been in line with this and the clarification and the adoption of the amended standard did not have an impact on the company's financial statements.
- Amendments to IAS 36 *Impairment of Assets* remove the unintended consequences of *IFRS 13 Fair Value Measurement* on the disclosures required under IAS 36. The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units (CGU) is required to be disclosed. The amendments clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment or impairment reversals when the recoverable amount is determined using a present value technique. The amendments do not impact the amounts reported in the group's consolidated financial statements, but additional disclosures will be provided when applicable in terms of the new disclosure requirements.

- IFRIC 21 *Levies* is a new interpretation that provides guidance on when to recognise a liability for a levy imposed by a government. The interpretation clarifies that that an entity should recognise a liability for a levy when the activity that triggers the payment, as identified by the relevant legislation occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognised until the specified minimum threshold is recognised. This interpretation has no impact on the group's consolidated financial statements as it has applied the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which are consistent with the requirements of IFRIC 21 in prior years.
- As part of its *Annual Improvements Project*, the IASB made amendments to a number of accounting standards. The annual improvements for the 2010-2012 and 2011-2013 cycles issued in December 2013 were adopted in the current financial year. These amendments did not have a significant impact on the group's results nor have they resulted in the restatement of prior year numbers.

All monetary information and figures presented in these financial statements are stated in thousands of South African Rand (R000s), unless otherwise indicated.

3. Significant accounting policies

3.1 Revenue recognition

The company recognises interest income and expense in profit or loss for instruments measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability by allocating the interest income or interest expense over the average expected life of the financial instruments or portfolios of financial instruments.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

3.2 Fair value gains and losses

The company includes profits, losses and fair value adjustments on trading financial instruments as well as financial instruments designated at fair value through profit or loss, as fair value gains or losses in other income as it is earned.

3.3 Taxation

3.3.1 Indirect Taxation

Indirect taxes are disclosed as part of operating expenditure in the income statement. Indirect tax includes other taxes paid to central and local governments, including value added and securities transfer tax.

3.3.2 Income Taxation

Income tax includes South African and foreign corporate tax payable and where applicable, this includes capital gains tax.

The current income tax expense is calculated by adjusting the net profit for the year for items that are non-taxable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date, in each particular jurisdiction within which the company operates.

3.4 Recognition of Assets

The company recognises assets when it obtains control of a resource as a result of past events, and from which future economic benefits are expected to flow to the company.

3. Significant accounting policies (continued)

3.5 Liabilities, provisions and contingent liabilities

3.5.1 Liabilities and provisions

The company recognises liabilities, including provisions, when:

- it has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required upon settlement is determined by considering the class of the obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

3.6 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise:

- Cash in hand;
- Deposits held at call with the banks; and
- Other short term highly liquid investments with the original maturities of three months or less.

All balances included in cash and cash equivalents have a maturity date of less than three months from the date of acquisition.

3.7 Financial instruments

3.7.1 General

Financial instruments carried on the statement of financial position include all assets and liabilities, including derivative instruments, but exclude investments in associates and joint ventures, commodities, property and equipment, assets and liabilities of insurance operations, deferred tax, tax payable, intangible assets, inventory and post retirement liabilities. The company recognises a financial asset or a financial liability on its statement of financial position when and only when, it becomes a party to the contractual provisions of the instrument.

The company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- available-for-sale financial assets; and
- held to maturity investments.

3. Significant accounting policies (continued)

3.7 Financial instruments

3.7.1 General (continued)

Financial liabilities are classified in the following categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost.

Management determines the classification of its financial instruments at initial recognition.

Financial instruments are initially recognised at fair value plus transaction costs for all financial instruments not carried at fair value through profit or loss.

Available-for-sale financial assets and financial instruments at fair value through profit or loss are subsequently measured at fair value. Loans and receivables and held to maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

The company recognises purchases and sales of financial instruments that require delivery within the time frame established by regulation or market convention (regular way purchases and sales) at settlement date, which is the date the asset, is delivered or received.

3.7.2 Financial instruments at fair value through profit or loss

This category has two sub categories: financial instruments held for trading, and those designated at fair value through profit or loss on initial recognition.

A financial instrument is classified as a trading instrument if acquired principally for the purpose of selling in the short term or if it forms part of a portfolio of financial assets in which there is evidence of short-term profit taking.

Financial assets and liabilities are designated on initial recognition as at fair value through profit and loss to the extent that it produces more relevant information because it either:

i. Results in the reduction of a measurement inconsistency (or accounting mismatch) that would arise as a result of measuring assets and liabilities and the gains and losses on them on a different basis;
ii. the company of financial assets and/or financial liabilities is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and this is the basis on which information about the assets and/or liabilities is provided internally to the entity's key management personnel; or
iii. Is a financial asset or liability containing significant embedded derivatives that clearly require bifurcation.

Gains and losses arising from changes in the fair value of the financial instruments at fair value through profit or loss are included in profit or loss as fair value gains or losses in other income in the period in which they arise.

3. Significant accounting policies (continued)

3.7 Financial instruments

3.7.3 Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the company intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the company upon initial recognition designates as at fair value through profit or loss;
- Those that the company upon initial recognition designates as available-for-sale; or
- Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

This category also includes purchased loans and receivables, where the company has not designated such loans and receivables in any of the other financial asset categories.

3.7.4 Held to maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. If the company to sells more than an insignificant amount of held to maturity investments, the entire category is considered to be tainted in terms of IAS 39 and would have to be reclassified as available-for-sale.

The company measures held to maturity investments at amortised cost using the effective interest method, less any impairment losses.

3.7.5 Available for sale financial assets

Available-for-sale financial assets are non derivative financial assets that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

The company recognises gains and losses arising from changes in the fair value of available-for-sale assets, in other comprehensive income. It recognises interest income on these assets as part of interest income, based on the instrument's original effective interest rate using the effective interest rate method. Dividends on available-for-sale equity instruments are recognised in profit or loss when the entity's right to receive payment is established and are included in investment income within other income.

When the available-for-sale financial assets are disposed of or impaired, the related accumulated fair value adjustments are reclassified from other comprehensive income and included in profit or loss as gains and losses from investment activities.

Treasury bills, debt securities and equity shares intended to be held on a continuing basis, other than those designated at fair value through profit and loss are classified as available-for-sale.

3. Significant accounting policies (continued)

3.7 Financial instruments

3.7.6 Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost, except for certain liabilities that are designated as at fair value through profit or loss. Interest expense is recognised in profit or loss over the period of the borrowing using the effective interest method. Financial liabilities at amortised cost are shown as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.7.6 Offsetting of financial instruments

The company offsets financial assets and liabilities and presents the net amount in the statement of financial position where:

- There is a currently enforceable legal right to offset the amounts; and
- There is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The right of set-off is considered to be currently enforceable if the following conditions are met:

- the right is not contingent on a future event; and
- it is legally enforceable in all of the following circumstances:
    - the normal course of business;
    - the event of default; and
    - in the event of insolvency or bankruptcy of the entity and all of the counterparties.

3. Significant accounting policies (continued)

3.7 Financial instruments

3.7.7 Derecognition

The company derecognises a financial asset when:

- The contractual rights to the asset expires; or
- Where there is a transfer of the contractual rights that comprise the asset as well as a transfer of substantially all of the risks and rewards related to the ownership of the financial asset; or
- The company retains the contractual rights of the assets but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers substantially all the risks and rewards associated with the asset.

Where the company retains substantially all the risks and rewards of ownership of the financial asset, the company continues to recognise the financial asset in its entirety and recognises a financial liability for the consideration received. These financial assets and the related financial liabilities may not be offset.

Where the company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the company determines whether it has retained control of the financial asset. In this case:

- If the company has not retained control, it derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer; or
- If the company has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset.

The company derecognises a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. A substantial modification to the terms and conditions of an existing financial liability or part of it is accounted for as an extinguishment of the original financial liability and recognition of a new one. A substantial modification to the terms occurs where the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability.

3. Significant accounting policies (continued)

3.8 Impairment of financial assets

3.8.1 General

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount.

3.8.2 Assets carried at amortised cost

The company assesses at each reporting date whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or a company of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event(s) has an adverse impact on the estimated future cash flows of the financial asset or company of financial assets and the impact can be reliably estimated.

Objective evidence that a financial asset or company of financial assets is impaired includes observable data that comes to the attention of the company about the following events:

- significant financial difficulty of the issuer or counterparty;
- a breach of contract, such as a default or delinquency in payments of principal or interest;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties or adverse changes in the market, economic or legal environment in which the entity operates; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a company of financial assets since the initial recognition of those assets, although the decrease cannot yet be allocated to the individual financial assets in the company, including:
  - adverse changes in the payment status of issuers or debtors in the company; or
  - local or national economic conditions that correlate with defaults on the assets in the company.

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

3. Significant accounting policies (continued)

3.8 Impairment of financial assets

3.8.2 Assets carried at amortised cost (continued)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

3.9 Trade and other receivables

Trade and other receivables are loans and receivables in terms of IAS 39 and carried at amortised cost. Refer to note 9 related to financial assets classified as loans and receivables.

3.10Leases

3.10.1 Company is the lessee

3.10.2 Operating leases

The company classifies leases as operating leases where the lessor effectively retains the risks and benefits of ownership. It recognises operating lease payments as an operating expense in profit or loss on a straight line basis over the period of the lease. Contingent rentals are expensed in the period incurred. Minimum rentals due after year end are disclosed as commitments.

3.11Trade and other payables

Trade and other payables are financial liabilities in terms of IAS 39. Refer to note 13 for details.

3. Significant accounting policies (continued)

3.12 Intangible assets

3.12.1 Computer software and development costs

The company expenses computer software development costs in the financial period incurred. However, where computer software development costs can be clearly associated with a strategic and unique system which will result in a benefit for the company exceeding the costs incurred for more than one financial period, the company capitalises such costs and recognises it as an intangible asset.

The company carries intangible assets at cost less accumulated amortisation and any impairment losses. It amortises these assets on a straight line basis at a rate applicable to the expected useful life of the asset, but not exceeding three years.

Internally generated software is only recognised as an intangible asset when all the requirements relating to internally generated assets, as set out in IAS 38 *Intangible assets,* have been met. Refer below for the requirements on when internally generated intangible assets qualify for capitalisation.

3.12.2 Impairment of intangible assets

Management reviews the carrying value of intangible assets wherever objective evidence of impairment exists.. An impairment loss is recognised immediately in profit or loss as operating expenses when the carrying value is more than the recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use. Carrying value is written down to estimated recoverable amount when a permanent decrease in value occurs.

3.12.3 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

3. Significant accounting policies (continued)

3.13 Employee benefits

3.13.1 Leave pay provision

The company recognises a liability for the employees' rights to annual leave in respect of past service.

3.13.2 Bonuses

The company recognises a liability and an expense for management and staff bonuses when it is probable that the economic benefits will be paid and the amount can be reliably measured. The expense is included in staff costs.

3.14 Stated capital

Shares are classified as equity when there is no obligation to transfer cash or assets. Incremental costs directly related to the issue of new shares or options are shown as a deduction from equity, net of any related tax benefit.

4. Interest income

R000s	2015 Fair value	Amortised cost	Non-financial instruments	Total
Cash and cash equivalents	1 547	-	-	1 547
Total interest income	1 547	-	-	**1 547**

	2015 R000s
5. Loss before taxation	
is stated after accounting for the following	
5.1 Staff costs	
- Salaries wages and allowances	248
- Company contributions	19
- Social security levies	4
- Directors fees	203
	474

6. Taxation

South African normal taxation	
- Current period	437
Deferred taxation	
- Current period	-
Taxation for the period	437

Income tax is calculated at 28% of the estimated taxable income for the period. The total charge can be reconciled to the accounting profit as follows:

	2015 %
Tax at the standard tax rate	28.0
Expenses not deductible for tax purposes	(1.6)
Amounts charged directly to policy holder funds	(197.8)
Taxation for the period	(171.4)

7. Intangible assets

The useful life of each intangible asset is assessed individually.

R000s	2015			
	Software	Trademarks	Other	Total
Carrying value 1 July 2014	-	-	-	-
Acquisitions	6 746	-	-	6 746
Carrying value at 30 June 2015	6 746			**6 746**

8. Investment in securities and other investments

R000s	2015					
	Designated at fair value through profit or loss	Held for trading	Available for sale	Loans and receiva-bles	Held to maturity	Total
Money market investments	30 000		-	-	-	30 000
Total investment securities and other investments	30 000		-	-	-	**30 000**

	2015 R000s
9. Trade and other receivables	
Related party debtors	527
	527

R000s	2015						
	Neither past due nor impaired	Renegotiated but current	Past due but not impaired			Impaired	Total
			1-30 days	31-60 days	61-90 days		
Related party debtors	527	-	-	-	-	-	527
Total	**527**	-	-	-	-	-	**527**

	2015 R000s
10. Cash and cash equivalents	
Cash and cash equivalents comprise:	
- Current and call accounts	27 780
	27 780

	2015 R000s

11. Stated capital

Authorised
1 000 Ordinary shares of no par value

Issued	
100 Ordinary shares of no par value	65 000

The unissued share capital is under control of the Board of Directors.

12. Employee liabilities

The staff related provision consists mainly of the provision for leave pay.

At 1 July 2014	-
Transfer in from related party	468
Additional provision created	20
At 30 June 2015	488

13. Trade and other payables

The staff related provision consists mainly of the provision for leave pay.

Accrued expenses	257

14. Reconciliation of loss before taxation to cash utilised by from operating activities

Loss before taxation	(255)
Adjusted for:	
Interest received	(1 547)
Increase in trade receivables	(527)
Increase in trade payables	745
Net cash utilised by operating activities	(1 584)

	2015 R000s

15. Taxation paid

Taxation paid is reconciled to the amount
Disclosed in the statement of comprehensive income as follows:

	2015 R000s
Amount prepaid at beginning of the period	-
Amount charged to the statement of comprehensive income	(437)
Amount payable at end of the period	-
Taxation paid	(437)

18. Financial risk management continued

	2015				
	Terms to maturity				
R000s	Carrying amount	1-3 months	3-12 months	1-5 years	Over 5 years
Maturity analysis of the liabilities on the undiscounted amount of the contractual payment					
Liabilities					
Long term liabilities	488	18	55	415	-
Trade and other payables	257	257	-	-	-

The above represents the undiscounted cash flows of the liabilities for FirstRand Life Assurance Limited and includes all the cash outflows related to the principal amounts as well as future payments. The balances will not agree directly with the balances on the statement of financial position for the following reasons;

- The amounts included in the table above are contractual undiscounted amounts whereas the statement of financial position is prepared using the on the statement of financial position;
- All the instruments held for economic purposes are included in the "1to 3 months" bucket and not by contractual maturity because trading instruments are typically held for short periods of time; and
- Cash flows relating to principal and associated future coupon payments have been included on an undiscounted basis.

19. Events after the reporting date

The following significant non-adjusting events occurred between the reporting date, 30 June 2015 and the date the financial statements were authorised for issue:
The Company issued shares to its holding company as part of the management of the start up capital required. 100 shares of no par value were issued for R76 million on the 28th of August 2015.

16. Related parties

The group defines related parties as:

- Subsidiaries;
- Associated companies;
- Joint ventures;
- Entities that have significant influence over the group. If an investor has significant influence over the group that investor and its subsidiaries are related parties of the group. The group is FirstRand Limited and its subsidiaries;
- Key management personnel, being the FirstRand Life Assurance Limited board of directors, including any entities which provide key management personnel services to the group;
- Close family members of key management personnel (individual's spouse/domestic partner and children; domestic partner's children and dependents of individual or domestic partner);

Trading transactions
During the period, the Company entered into the following trading transactions with related parties:

	2015 R000s
FirstRand Bank Limited	
Interest received	1 547
Bank charges	(2)
	1 545

Services not settled at period end from fellow subsidiaries:

FirstRand Limited	
Payroll services -Receivable	468
Payroll services -Payable	(251)
Taxation paid	59
Vehicle lease	(6)
	270

Other transactions
All Company bank accounts are held with FirstRand Bank Limited.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

17. Operating lease commitments

The leases are usually for a period of 1 to 3 years. The leases are non cancellable and certain of the leases have an option to renew for a further leasing period at the end of the original lease term.

Certain of these assets are subject to certain contractual restrictions. In terms of these contractual restrictions, these assets may only be used for business purposes.

	2015		
R000s	Within 1 year	Between 1 and 5 years	More than 5 years
Motor vehicles	69	132	-
Total operating lease commitments	**69**	**132**	-

18. Financial risk management

Market risk
Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices, volatility, exchange rates or due to changes in the investment market in general.

Interest rate risk
Interest rate risk is the risk that changes in market interest rates result in changes to expected cash flows or the value of the liabilities on the statement of financial position.
The following represents the change in the balance of financial assets as a result of a 150 basis points increase or decrease in market interest rates.

R000s	2015
Carrying amount investments and cash and cash equivalents	57 780
Rate decrease of 150 basis points	(867)
Rate increase of 150 basis points	867

Credit risk
Credit risk is the risk that the counterparty fails to meet their obligations to the FirstRand Life Assurance company. FirstRand Life Assurance is exposed to credit risk for its accounts receivables and investments.
FirstRand Life Assurance is exposed to credit risk of counterparties incorporated in South Africa.
The carrying amounts of the accounts receivables and the investments represents the company's maximum exposure to risk.

Liquidity Risk
Liquidity risk is the risk that the FirstRand Life Assurance will not meet all the payments obligations as the liabilities fall due and payable.

18. Financial risk management continued

	2015				
		Terms to maturity			
R000s	Carrying amount	1-3 months	3-12 months	1-5 years	Over 5 years
Maturity analysis of the liabilities on the undiscounted amount of the contractual payment					
Liabilities					
Long term liabilities	488	18	55	415	-
Trade and other payables	257	257	-	-	-

The above represents the undiscounted cash flows of the liabilities for FirstRand Life Assurance Limited and includes all the cash outflows related to the principal amounts as well as future payments. The balances will not agree directly with the balances on the statement of financial position for the following reasons;

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