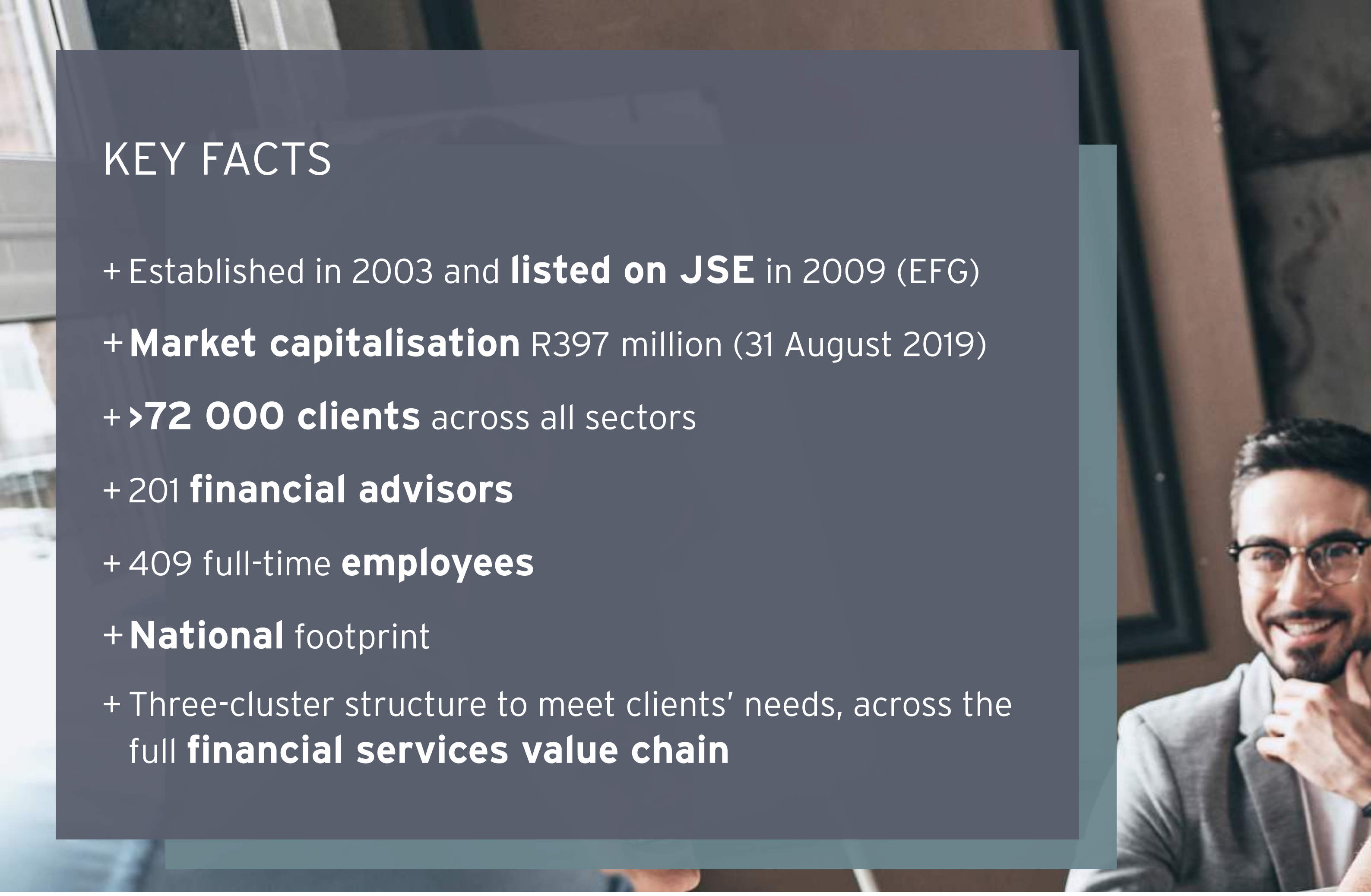
Think Efficient. Realise potential.

CELEBRATING
YEARS ON THE JSE

SUMMARISED FINANCIAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2019

EFFICIENT GROUP LIMITED
Incorporated in the Republic of South Africa
Registration number: 2006/036947/06
JSE share code: EFG
ISIN: ZAE000151841



KEY FACTS

+ Established in 2003 and **listed on JSE** in 2009 (EFG)
+ **Market capitalisation** R397 million (31 August 2019)
+ **>72 000 clients** across all sectors
+ 201 **financial advisors**
+ 409 full-time **employees**
+ **National** footprint
+ Three-cluster structure to meet clients' needs, across the full **financial services value chain**

KEY PERFORMANCE INDICATORS

REVENUE: **(1%)** 2018: R1.084 billion	**R1.073 billion**	RECURRING* HEADLINE EARNINGS: **108%** 2018: R36 million	**R75 million**
RECURRING* HEADLINE EARNINGS PER SHARE: **113%** 2018: 39.85 cents	**84.89 cents**	ASSETS UNDER CONSULTING: **14.95%** 2018: R30.1 billion	**R34.6 billion**
ASSETS UNDER ADMINISTRATION: **11.57%** 2018: R109.8 billion	**R122.5 billion**	ASSETS UNDER ADVICE: **2.49%** 2018: R20.1 billion	**R20.6 billion**
ASSETS UNDER MANAGEMENT: **3.08%** 2018: R19.5 billion	**R20.1 billion**	CASH GENERATED BY OPERATIONS: **116%** 2018: R44 million	**R95 million**
NUMBER OF ADVISORS: **(14.10%)** 2018: 234	**201**		

**Excluding the once-off impact of the profit share agreement cancellation (PSA cancellation), including the finance cost related thereto, in the Investments cluster and other once-off adjustments*

EFFICIENT GROUP

Think Efficient. Realise potential.

Our vision

To be a leading financial services business that creates value for our clients through a comprehensive financial services offering.

Our mission

To be open to our stakeholders' needs through a client-centred and intrapreneurial business model attuned to sustainable growth and profitability.

Efficient is more than just a word, it is more than a name, it is **AN EXPERIENCE!**

ABOUT EFFICIENT GROUP

Introduction

The vision of Efficient Group ("the Group") is to be a leading financial services business that creates value for our clients through a comprehensive financial services offering.

The Efficient Group was established in 2003, primarily as an asset management company. In 2009 we listed on the JSE in order to raise capital to build an in-house retail distribution network. Today, we are a leading diversified financial services group focused on professional advice, quality solutions and tailor-made investment products across the full financial services value chain. Operating through three clusters – Financial Services; Solutions; Investments – we service over 72 000 clients across South Africa and employ 409 people including 201 registered financial advisors.

The Group plans for strategic business growth in five-year cycles. Our five-year strategies are each premised on and intertwined with our Group culture, which ensures the strategy's potential for actualisation.

Strategy 2024 was developed in 2019. Our new strategy will focus on:

+ Accelerating the growth of a profitable Efficient Wealth that offers professional financial planning services to our clients;
+ Selectively expanding our range of services and products to enable our financial planners to deliver independent and client-centric advice, with the aim of growing the Group's profits;
+ Expanding the range of products and services to facilitate the further growth of Boutique Collective Investments (BCI) and Boutique Investment Partners (BIP);
+ Targeting specific acquisitions that will enable us to build on our current strengths and leverage our competitive advantages; and
+ Similarly, investigating each business unit individually to ensure that they all have the tools to continuously grow their service offerings to clients. This will inevitably also expand the Group's service offering.

Key performance indicators	**2019**
Revenue	R1.073 billion
Recurring HEPS	84.89 cents per share
Number of financial advisors	201
Assets under administration (AuAdmin)	R122.5 billion
Assets under consulting (AuC)	R34.6 billion
Assets under management (AuM)	R20.1 billion
Assets under advice (AuA)	R20.6 billion

Highlights of the year include

Financial services cluster

+ Assets under Advice up 2.49% to R 20.6 billion
+ Efficient Med generated a full-year revenue of R2.76 million
+ 201 Registered Financial Advisors (RFAs)
+ Our RFAs collectively spent 5 069 hours on professional development training

Solutions cluster

+ The assets under management for the combined Funds of Funds (FoF) range is in excess of R4 billion
+ Efficient Private Clients launched a Local Equity Note, in collaboration with Naviga
+ Efficient Benefit Consulting successfully on-boarded several new clients

Investments cluster

- BIP beat tough economy to grow AuC and revenue
- BCI performed strongly
- BIP continues to have strong relationships, loyalty and trust with its more than 40 large RFA clients

A view from the top

A key focus in FY2019 was to raise capital in order to strengthen the balance sheet of the Efficient Group. As reported in Efficient Group's Integrated Report of FY2018, the cancellation of the profit share agreement included a specific issue of shares for cash ("specific issue") as part of the funding structure. We are pleased to report that in July 2019 we concluded an agreement with Apis Growth 12 Ltd (Apis) and implementation was concluded on 1 November 2019 when the shares were issued to Apis. Apis has invested R125 million into the Efficient Group and in return, Efficient has issued 27.8 million new Efficient Group shares to Apis. Through this transaction, Apis has become one of the largest individual shareholders in the company, holding 23.8% of the total issued shares.

Another focus in the past financial year was to consolidate the operations and investment products of our various multi-manager subsidiaries. We have completed the consolidation of various ranges of Fund of Funds into one financial services provider. We have also further streamlined our value proposition and continue to offer our clients a market leading and competitive value proposition. We completed the acquisition of a further multi-manager, Dinamika Fonds Bestuurders. We are planning to consolidate the Fund of Funds of this financial services provider into our multi-manager business in 2021.

After a strategic review we disposed of Efficient IDS, our Discovery Life product supplier agency which we acquired previously as part of the acquisition of Vital Wealth and Consult in 2017. The disposal of Efficient IDS follows a strategic decision in December 2018 to focus all our energy in future on the independent Registered Financial Advisor (RFA) model, instead of also pursuing the Product Supplier Agent model. The disposal of Efficient IDS reduced the number of advisors from 234 to 201.

We are pleased to report that the Group continued to perform exceptionally well in very difficult trading conditions. Revenue growth was flat for the year, exacerbated by the Johannesburg Stock Exchange All-Share Index declining by 5.8% over the reporting period. Since our business remains directly linked to equity returns, this has had a negative impact on our financial performance, despite the poor market performance the Group reported recurring HEPS growth of 113%, indicating the success of the PSA cancellation concluded in the previous financial year. The key driver of our performance remained our ability to deliver on key performance areas, such as year-on-year growth in assets under administration (AuAdmin), which grew by 12%, and assets under consulting (AuC), which grew by 15%. Assets under advice (AuA) and assets under management (AuM) growth was subdued, impacted by financial markets and the poor economic environment.

Our trading environment

The South African financial services industry continues to be highly regulated and subject to ongoing change. While this makes our industry challenging to operate in, it is nonetheless welcome as it positions the South African industry as a governance leader worldwide. The aim of governance is always to protect clients' best interests. For us, the changes are important as we are confident that they will be of benefit to consumers and the investing public.

One of the Group's core strengths is our ability to anticipate change and to innovate in order to meet it head-on. At the Efficient Group we have embraced these regulatory changes to position the Group competitively moving forward. We ensure that we remain current with all changes and proposals for change and that we actively participate in industry processes and initiatives and provide commentary and input accordingly.

From our clients' point of view, financial markets continue to deliver low absolute returns in an environment of lower inflation. This requires their tenacity and optimism to stick with the financial plans we have devised for them and see through the downcycle until an uptick. While they do this, we are working hard to identify opportunities to deliver benchmark-beating returns that are integral to their income and capital growth. In tough economic times such as these, we recognise the critical need to protect capital and our professional and experienced advisors' factor this into every client's investment plan.

Operating performance

Operating profit increased to R95 million (2018: R44 million) in the current financial year primarily due to PSA cancellation concluded in 2018.

ABOUT EFFICIENT GROUP (CONTINUED)

	2019 R'000	2018 R'000	
Revenue	1 073 372	1 083 506	(1%)
Variable expenses	(775 143)	(778 561)	
Gross contribution	***298 229***	***304 945***	(2%)
Gross contribution %	28%	28%	
Operating expenses	(199 227)	(261 828)	(24%)
Share of profits from investments in equity-accounted associates	250	913	
Operating profit	***99 252***	***44 030***	>100%
Operating margin	9%	4%	
Net finance (costs) income	(35 122)	1 558	
Profit before non-operational items	**64 130**	**45 588**	41%
Recurring HEPS (cents)	84.89	39.85	>100%
Operating EBITDA	117 505	61 204	92%

Performance fee revenue only exists in the asset management and asset consulting revenue streams and makes up less than 7% of revenue generated through asset management and consulting and less than 1% of total revenue.

Revenue growth in the Solutions cluster was due to the growth in AuM at Efficient Private Clients and the acquisition of Dinamika Fonds Bestuurders.

The Financial Services and Investments clusters were impacted by the negative equity markets and weak economic environment.

Gross contribution

Gross contribution of 28% was achieved during the financial year, in line with previous financial years.

Operating expenses

	2019 R'000	2018 R'000	% Change
Fixed expenses	159 809	149 458	7%
Profit share payments	560	76 844	(>100%)
Staff incentives	20 605	18 352	12%
Non-cash flow expenses (depreciation and amortisation)	18 253	17 174	6%
	199 227	**261 828**	**(24%)**

The increase in fixed expenses relate mainly to inflation adjustments and the increase in marketing spend. The PSA cancellation in 2018 explains the reduction in the profit share payments.

Finance cost

The significant increase in finance cost is related to the cost of financing the PSA cancellation.

Recurring headline earnings

Recurring headline earnings is calculated as follows:

	2019 Actual R'000	2018 Actual R'000
Headline earnings	**29 280**	**(286 187)**
Re-measurement of loans and borrowings at fair value through profit or loss	(1 169)	(1 486)
Gain on settlement of loans and borrowings at amortised cost	-	(562)
Commission-agreement cancellation expense	-	1 710
Taxation on commission-agreement cancellation expense	-	(479)
Bad debt expense	-	5 665
Taxation on bad debt expense	-	(1 586)
Profit-share cancellation expense	16 667	430 000
Transaction costs on profit-share cancellation	968	12 730
Taxation on profit-share cancellation expense and costs	(4 938)	(123 964)
Legal costs on litigation - Matter 1	617	-
Legal costs on litigation - Matter 2	876	-
Costs on amalgamation of intergroup funds	566	-
Taxation on costs on amalgamation of intergroup funds	(158)	-
Loss on modification of convertible loan	13 222	-
Interest on borrowings for profit-share cancellation transaction	34 567	-
Taxation on interest on borrowings for profit-share cancellation transaction	(15 055)	-
Recurring headline earnings	**75 443**	**35 841**
Weighted average number of shares	88 869	89 946
Recurring HEPS (cents)	**84.89**	**39.85**

Cash flow analysis

Cash generated from operations increased to 107 cents per share (2018: 49 cents) as a result of the PSA cancellation. The effect of the cash generated from operations was reduced by additional finance charges and loan repayments related to the PSA cancellation.

Statement of financial position

Working capital of R25 million (2018: R39 000) (excluding the short-term portion of long-term receivables and liabilities) for the reporting period is higher than the comparative period due to lower trade and other payables. In the previous financial year, trade and other payables included an accrual for the unpaid profit share at year end. Due to the PSA cancellation no such accrual is provided for in the current financial year, explaining the lower trade and other payables.

The debt to equity ratio decreased from the previous financial year to 252%. The high ratio is as a result of the funding of the PSA cancellation. The Group's target debt to equity ratio is 66%. The cash flows from the PSA cancellation going forward, adequately covers the loan repayments.

Dividends

The Group's dividend policy is to pay a dividend equal to 80% of free cash flows. Free cash flow is calculated after making provision for cash reserves, planned capital expenditure, acquisitions and repayments.

Based on this guideline, the directors determined that no dividend be paid for the financial year under review, this allows the company to reduce its debt (2018: 9.40 cents per share).

Conclusion

We are planning to continue to expand while maintaining an inward focus. Our people continue to be our biggest asset and we are proud of our organisational culture. We will continue to strive towards being the employer of choice. We are also looking at more innovative technology that gives us that competitive advantage. One of our main focus areas in the coming financial year will be supporting Efficient Wealth to grow significantly and conclude larger transactions. We expect markets to continue their current trajectory until some concrete changes are implemented by the government regarding State-Owned Enterprises like Eskom and South African Airways.

ABOUT EFFICIENT GROUP (CONTINUED)

Directors and Shareholder changes

Thebe Investment Corporation Proprietary Limited sold their shares in Efficient Group during the reporting period. Sasfin Wealth Proprietary Limited has acquired these shares and now owns 29.29% of the total number of the Efficient Group's ordinary securities in issue as at 31 August 2019.

This led to the resignation of Stephen Rushton, as a non-executive director, on 6 December 2018. We would like to extend our thanks to Stephen for his dedicated service during his term. In addition, the Board welcomes Erol Zeki as a non-executive director and Bongiwe Momoza as alternate director to Erol Zeki, representing Sasfin Wealth.

In conjunction with the successful Specific Issue, considered and approved by shareholders at the general meeting convened on 25 September 2019, the Board welcomes Nicholas Smalle and Matteo Stefanel as non-executive directors.

These appointments add new dimension to our board and will aid the executive team in developing the Company's strategy in order to unlock returns for all of our shareholders.

Basis of preparation

The summarised Group financial results for the year ended 31 August 2019 constitute a summary of the Group's audited financial statements, prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and the presentation and disclosure requirements of International Accounting Standard 34 Interim financial reporting.

The accounting policies are in terms of IFRS and consistent with those of the previous financial statements, unless otherwise stated.

These summarised Group financial results do not include all of the information required for full financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 August 2019.

This summarised report is extracted from audited information but is not itself audited. The audited consolidated financial statements and unmodified audit report, as issued by KPMG Inc., are available for inspection at the company's registered office. The directors take full responsibility for the presentation of the summarised report and for ensuring that the financial information has been correctly extracted from the underlying audited consolidated financial statements.

The summarised financial results were prepared by Yazeed Patel CA(SA), the Group Financial Manager.

SUMMARISED FINANCIAL STATEMENTS

SUMMARISED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2019

	Notes	2019 R'000	2018 R'000
ASSETS			
Non-current assets			
Property and equipment	1	64 822	62 596
Goodwill	2	158 572	154 981
Intangible assets	3	124 514	123 202
Investments in equity-accounted associates	4	3 712	6 422
Other investments	5	1 027	2 393
Loans receivable		3 334	1 448
Deferred tax assets	6	128 825	138 933
		484 806	**489 975**
Current assets			
Other investments	5	2 393	1 092
Short-term portion of loans receivable		3 144	1 539
Trade and other receivables		96 203	97 780
Current tax receivable		940	592
Cash and cash equivalents		86 270	82 900
		188 950	**183 903**
Total assets		**673 756**	**673 878**
EQUITY AND LIABILITIES			
Equity			
Share capital and share premium		144 433	145 809
Treasury share reserve		(532)	(532)
Accumulated losses		(160 061)	(182 042)
Fair value adjustment reserve		(324)	(185)
Revaluation reserve		8 317	6 218
Convertible loan	7	138 981	138 981
Equity attributable to equity holders of the parent		130 814	108 249
Non-controlling interests	8	1 140	2 848
Total equity		**131 954**	**111 097**
Non-current liabilities			
Loans and borrowings	9	233 985	88 979
Convertible loan	7	5 452	-
Deferred tax liabilities	6	32 124	31 438
		271 561	**120 417**
Current liabilities			
Convertible loan	7	22 759	19 202
Short-term portion of loans and borrowings	9	109 548	260 039
Provisions		-	114
Trade and other payables		137 591	161 856
Current tax payable		158	998
Cash and cash equivalents		185	155
		270 241	**442 364**
Total liabilities		**541 802**	**562 781**
Total equity and liabilities		**673 756**	**673 878**
Net asset value per share (cents)		**147.24**	**121.39**
Net tangible liability value per share (cents)		**(132.40)**	**(152.19)**

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 R'000	2018 R'000
Revenue		1 073 372	1 083 506
Variable expenses		(775 143)	(778 561)
Gross profit		**298 229**	**304 945**
Operating expenses		(199 227)	(261 828)
Share of profits from investments in equity-accounted associates, net of taxation		250	913
Operating profit		**99 252**	**44 030**
Non-operating items		**(28 559)**	**(445 299)**
Dividend income on other investments		38	25
Profit on disposal of equipment		14	-
Profit on disposal of customer contracts and customer relationships		737	1 342
Profit on disposal of subsidiaries		983	-
Commission-agreement cancellation expense		-	(1 710)
Other income		2 057	2 158
Fair value adjustment of investment designated at fair value through profit or loss		17	(97)
Loss on modification of convertible loan		(13 222)	-
Re-measurement of loans and borrowings at fair value through profit or loss		1 169	1 486
Gain on settlement of loans and borrowings at amortised cost		33	562
Bad debt expense		-	(5 665)
Impairment of goodwill		-	(350)
Impairment of investments in equity-accounted associates		(2 750)	(320)
Profit-share cancellation expense	10	(16 667)	(430 000)
Transaction costs on profit-share cancellation	10	(968)	(12 730)
Profit (loss) before net finance income		**70 693**	**(401 269)**
Net finance (costs) income		(35 122)	1 558
Finance income		6 757	7 123
Finance costs	11	(41 879)	(5 565)
Profit (loss) before taxation		**35 571**	**(399 711)**
Taxation	12	(8 338)	111 638
Profit (loss) for the year		**27 233**	**(288 073)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealised fair value adjustments of available-for-sale investments		-	(256)
Unrealised fair value adjustments of financial assets at fair value through other comprehensive income		(156)	-
Related taxation		17	70
		(139)	**(186)**
Items that may not be reclassified subsequently to profit or loss			
Revaluation of property		2 915	7 073
Related taxation		(816)	(1 980)
		2 099	**5 093**
Other comprehensive income, net of taxation		**1 960**	**4 907**
Total comprehensive income (loss) for the year		**29 193**	**(283 166)**
Profit (loss) for the year attributable to:			
Equity holders of the parent		28 560	(285 946)
Non-controlling interests		(1 327)	(2 127)
		27 233	**(288 073)**
Total comprehensive income (loss) for the year attributable to:			
Equity holders of the parent		30 520	(281 039)
Non-controlling interests		(1 327)	(2 127)
		29 193	**(283 166)**
Basic earnings (loss) per share (cents)	13	**32.14**	**(317.91)**
Diluted earnings (loss) per share (cents)	13	**32.14**	**(317.91)**

SUMMARISED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2019

	Ordinary shares and share premium	Treasury share reserve	Accumulated losses	Fair value adjustment reserve	Revaluation reserve	Convertible loan	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Notes						7		8	
Balance at 31 August 2017	**150 325**	**(532)**	**111 487**	**1**	**1 125**	**-**	**262 406**	**5 592**	**267 998**
Total comprehensive income (loss) for the year	-	-	(285 946)	(186)	5 093	-	(281 039)	(2 127)	(283 166)
Profit (loss) for the year	-	-	(285 946)	-	-	-	(285 946)	(2 127)	(288 073)
Other comprehensive (loss) income for the year	-	-	-	(186)	5 093	-	4 907	-	4 907
Transactions with owners	(4 516)	-	(7 583)	-	-	138 981	126 882	(617)	126 265
Dividends declared	-	-	(7 583)	-	-	-	(7 583)	(617)	(8 200)
Repurchase of shares	(4 516)	-	-	-	-	-	(4 516)	-	(4 516)
Issue of convertible loan	-	-	-	-	-	138 981	138 981	-	138 981
Balance at 31 August 2018	**145 809**	**(532)**	**(182 042)**	**(185)**	**6 218**	**138 981**	**108 249**	**2 848**	**111 097**
Total comprehensive (loss) income for the year	-	-	28 560	(139)	2 099	-	30 520	(1 327)	29 193
Loss for the year	-	-	28 560	-	-	-	28 560	(1 327)	27 233
Other comprehensive (loss) income for the year	-	-	-	(139)	2 099	-	1 960	-	1 960
Transactions with owners	(1 376)	-	(6 579)	-	-	-	(7 955)	(381)	(8 336)
Dividends declared	-	-	(6 579)	-	-	-	(6 579)	(489)	(7 068)
Acquisition of business	-	-	-	-	-	-	-	108	108
Repurchase of shares	(1 376)	-	-	-	-	-	(1 376)	-	(1 376)
Balance at 31 August 2019	**144 433**	**(532)**	**(160 061)**	**(324)**	**8 317**	**138 981**	**130 814**	**1 140**	**131 954**

SUMMARISED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 R'000	2018 R'000
Cash flows from operating activities			
Cash receipts from customers		1 072 299	1 092 357
Cash paid to suppliers and employees		(977 456)	(1 047 998)
Cash generated from operations	15.1	94 843	44 359
Finance income received		6 249	7 123
Finance costs paid		(31 366)	(5 426)
Dividends received from investments in equity-accounted associates		210	809
Dividends received from other investments		38	25
Taxation paid	15.2	(5 045)	(17 131)
Net cash inflow from operating activities		**64 929**	**29 759**
Cash flows from investing activities			
Acquisition of businesses, net of cash acquired	15.3	(7 942)	(5 804)
Proceeds on disposal of business, net of cash disposed	15.3	559	2 030
Additional payment for business previously acquired		-	(148)
Loans receivable advanced		-	(1 903)
Proceeds from loans receivable		1 896	-
Purchase and development of intangible assets		(5)	(238)
(Acquisition) disposal of other investments		(74)	787
Proceeds on disposal of equipment		202	25
Purchase and development of property		(232)	(3 420)
Purchase of equipment		(1 673)	(2 359)
Net cash outflow from investing activities		**(7 269)**	**(11 030)**
Cash flows from financing activities			
Repurchase of shares		(1 376)	(4 516)
Repayment on convertible loan		(7 145)	-
Proceeds from long-term liabilities	15.4	242 500	36 400
Repayment of profit-share cancellation liabilities	15.4	(240 000)	-
Repayment of long-term liabilities	15.4	(31 655)	(24 692)
Repayment of forward purchase and dividend liabilities		(6 916)	(31 069)
Repayment of contingent consideration liabilities		(383)	(2 447)
(Repayment of) proceeds from vendor liabilities	15.4	(2 277)	499
Dividends paid		(7 068)	(8 200)
Net cash outflow from financing activities		**(55 917)**	**(34 025)**
Cash and cash equivalents movement for the year		**3 340**	**(15 296)**
Cash and cash equivalents at the beginning of the year		82 745	98 041
Cash and cash equivalents at the end of the year		**86 085**	**82 745**
Cash and cash equivalents included in current assets		86 270	82 900
Cash and cash equivalents included in current liabilities		(185)	(155)
Cash and cash equivalents at the end of the year		**86 085**	**82 745**

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1. PROPERTY AND EQUIPMENT

	Opening balance	Transfers	Disposals	Additions	Revaluations	Depreciation	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2019							
Land	11 800	-	-	-	200	-	12 000
Buildings	45 900	-	-	232	2 714	(146)	48 700
Furniture, fixtures and office equipment	2 075	124	(155)	402	-	(609)	1 837
Computer equipment	2 290	-	(33)	1 104	-	(1 434)	1 927
Leasehold improvements	531	(124)	-	148	-	(197)	358
	62 596	**-**	**(188)**	**1 886**	**2 914**	**(2 386)**	**64 822**
2018							
Land	10 560	-	-	-	1 240	-	11 800
Buildings	36 255	519	-	3 420	5 833	(127)	45 900
Furniture, fixtures and office equipment	2 180	-	(6)	666	-	(765)	2 075
Computer equipment	2 047	-	(18)	1 540	-	(1 279)	2 290
Leasehold improvements	1 156	(519)	(1)	153	-	(258)	531
	52 198	**-**	**(25)**	**5 779**	**7 073**	**(2 429)**	**62 596**

DETAILS RELATING TO LAND AND BUILDINGS

The Group owns sections 35 to 43 in the sectional title scheme known as Bella Rosa One, in Belville, the City of Cape Town (the Catnia building) on Erf 39624. The building was acquired during the 2016 year. The building is carried under the revaluation model and its carrying amount at the reporting date representing its revalued amount was R30.7 million (2018: R28.2 million).

The Group's Hazelwood office (the Dely property) is situated on Erf 106, Alphenpark, Pretoria. The property was purchased during the prior year and was acquired with the view to develop the Group's head-office on the property. The Group completed construction on the property during the prior year. The property is carried under the revaluation model and its carrying amount at the reporting date representing its revalued amount was R30 million (2018: R29.50 million), of which R12 million (2018: R11.8 million) was attributable to the land and R18 million (R17.7 million) to the building.

At the reporting date, property with a carrying amount of R60.7 million (2018: R57.7 million) was pledged as security for bank borrowings (refer to note 9.5).

Had no revaluation to fair value taken place, the carrying amount of the Group's properties would have been R22.98 million (2018: R22.96 million) for the Catnia building, R9.60 million for the land component of the Dely property and R16.62 million (2018: R16.51 million) for the building constructed on the Dely property.

2. GOODWILL

	2019 R'000	2018 R'000
Recognised on acquisition of business combinations	158 572	154 981
The aggregate carrying amounts of goodwill allocated to each cash-generating-unit are as follows:		
Efficient Financial Services (Pty) Ltd (1)	48 107	36 837
Efficient Select (Pty) Ltd	8 369	8 369
Naviga Solutions (Pty) Ltd	25 404	25 404
Select Manager (Pty) Ltd	66 954	66 954
Stead Wealth Management (Pty) Ltd (1)	-	4 575
Exceed Asset Management (Pty) Ltd (1)	-	6 088
W Allen-White Brokers (Pty) Ltd	666	666
Secure Capital Investments (Pty) Ltd	4 237	4 237
Efficient Private Clients (Pty) Ltd	1 851	1 851
Dinamika Fonds Bestuurders (Pty) Ltd	2 984	-
	158 572	**154 981**
Reconciliation of goodwill		
Balance at the beginning of the year	154 981	153 056
Acquisitions through business combinations	3 591	2 275
Impairments	-	(350)
Balance at the end of the year	**158 572**	**154 981**

Refer to note 16 for detail of acquisitions through business combinations concluded during the current year.

(1) During the current year, Stead Wealth Management (Pty) Ltd and Exceed Asset Management (Pty) Ltd disposed of their financial advisory businesses to Efficient Financial Services (Pty) Ltd in common-control transactions. The goodwill and intangible assets previously allocated to these entities were thus re-allocated to Efficient Financial Services (Pty) Ltd.

IMPAIRMENT TESTING OF CASH-GENERATING-UNITS CONTAINING GOODWILL

For the purpose of impairment testing, goodwill is allocated to cash-generating-units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The Group does not have any goodwill which is not allocated to a cash-generating unit.

A key estimate used in the Group's cash-generating-unit (goodwill and intangible assets) impairment testing calculations is the expected growth in future cash flows beyond the projection period (terminal growth rate). Management considered the following factors and determined that 4.75% (2018: 4.75%) would be an appropriate growth rate to use in these calculations:
The relationship between the discount rate and the terminal growth rate;

+ The forecast period;
+ Nature of the factors affecting growth;
+ Historical growth; and
+ Peer comparison and market norms.

The growth rate used does not exceed the long-term average rate for the market in which the Group operates.

The recoverable amount for all the cash-generating-units was based on a value-in-use calculation as the value-in-use exceed the fair value less costs to sell of the cash-generating units. The value-in-use calculation uses pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

Values assigned to key assumptions in all impairment tests reflect past experience, increased for expected efficiency improvements.

The table below summarises the pre-tax discount rates at which cash flows were discounted for the purposes of impairment testing per cash-generating-unit for the Group:

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	2019	2018
	%	%
Efficient Financial Services (Pty) Ltd	24.79%	24.08%
Efficient Select (Pty) Ltd	24.82%	24.56%
Naviga Solutions (Pty) Ltd	24.65%	24.64%
Select Manager (Pty) Ltd	24.63%	24.45%
Stead Wealth Management (Pty) Ltd	N/A	24.01%
Exceed Asset Management (Pty) Ltd	N/A	24.39%
W Allen-White Brokers (Pty) Ltd	24.99%	24.33%
Secure Capital Investments (Pty) Ltd	25.21%	24.50%
Efficient Private Clients (Pty) Ltd	24.57%	23.63%
Dinamika Fonds Bestuurders (Pty) Ltd	24.82%	N/A

The discount rates above approximated the Group's weighted average cost of capital and was adjusted for cash-generating-unit specific risks based on the respective entity to determine the rate, pre-tax.

For each of the cash-generating-units included in the Financial Services cluster (refer to note 19), the key assumptions used in the value-in-use calculations are the amount of assets under advise, number of independent financial advisors, the average income per advisor as well as portfolio performance against benchmarks.

For each of the cash-generating-units included in the Investments cluster and the Solutions cluster (refer to note 19), the key assumptions used in the value-in-use calculations are the amount of assets under management as well as portfolio performance against benchmarks.

The carrying amount of the cash-generating-unit relating to W Allen-White Brokers (Pty) Ltd was determined to be higher than its recoverable amount at 31 August 2018 and an impairment loss of R350 000 was recognised on this cash-generating-unit in profit or loss. The recoverable amount at 31 August 2018 for this cash-generating-unit was R2.73 million. The impairment loss recognised was a result of the cash-generating-unit not achieving the desired financial performance determined as part of the purchase price allocation on initial recognition of the business combination. At 31 August 2019, the carrying amount of this cash-generating-unit was determined to be lower than its recoverable amount and no impairment loss was recognised.

The carrying amounts of all other cash-generating-units assessed for impairment was determined to be lower than their recoverable amounts and no impairment losses were recognised (2018: Rnil).

Management believes that any reasonable possible change in key assumptions on which the recoverable amounts for all other cash-generating-units tested for impairment is based, would not cause these cash-generating-units' carrying amounts to exceed their recoverable amounts.

3. INTANGIBLE ASSETS

	Opening balance	Impairments	Disposals	Acquired through business combinations	Additions	Amortisation	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2019							
Trade names	1 255	-	-	268	-	(143)	1 380
Customer contracts and customer relationships	118 595	-	-	16 906	-	(13 963)	121 538
Computer software	3 352	-	-	-	5	(1 761)	1 596
	123 202	**-**	**-**	**17 174**	**5**	**(15 867)**	**124 514**
2018							
Trade names	1 361	-	-	-	-	(106)	1 255
Customer contracts and customer relationships	124 283	-	(956)	8 108	-	(12 840)	118 595
Computer software	4 921	-	-	-	238	(1 807)	3 352
	130 565	**-**	**(956)**	**8 108**	**238**	**(14 753)**	**123 202**

The acquisition of intangible assets during the current year relates to the acquisition of subsidiary, Dinamika Fonds Bestuurders (Pty) Ltd as well as various financial advisory client bases.

The remaining useful life of the trade names are between 1 and 16 years (2018: 1 and 17 years), customer contracts and customer relationships, between 1 and 16 years (2018: 1 and 17 years) and computer software between 1 and 3 years (2018: 1 and 4 years).

The majority of the computer software relates to the FutureSight computer software program owned by Naviga Solutions (Pty) Ltd, that is being developed in-house to service the Group's financial service businesses.

4. INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

The table below details the ownership interest in equity-accounted associates and represents the legal ownership held in the investments at the highest sub-group level within the Group at the reporting date:

			Ownership interest	
	Principal activities	Principal place of business	2019 %	2018 %
Rudiarius Capital Management (Pty) Ltd	Asset management	Republic of South Africa	30%	30%
AS Sure Investment Services (Pty) Ltd	Financial services	Republic of South Africa	25.10%	25.10%
Efficient Financial Services (Namibia) (Pty) Ltd (1)	Financial services	Republic of Namibia	N/A	50%

(1) The investment in this equity-accounted associate was held by the Group, before its deregistration on 15 March 2019.

	2019 R'000	2018 R'000
Significant investments in equity-accounted associates		
Rudiarius Capital Management (Pty) Ltd	1 316	1 303
AS Sure Investment Services (Pty) Ltd	2 396	5 119
	3 712	**6 422**
Reconciliation of investments in equity-accounted associates		
Balance at the beginning of the year	6 422	6 638
Share of profits, net of taxation	250	913
Impairments	(2 750)	(320)
Dividend income	(210)	(809)
Balance at the end of the year	**3 712**	**6 422**

IMPAIRMENT TESTING OF INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

The investments in both equity-accounted associates that have carrying amounts recognised on the Group's statement of financial position, were tested for impairment at the reporting date.

The recoverable amounts of the investments was determined as its value-in-use, which was considered to be higher than its fair value less costs to sell. The value-in-use calculation was based on pre-tax cash flow projections from financial budgets approved by management covering a five-year period. Pre-tax discount rates of 25.36% (2018: 24.35%) and 30.91% (2018: 26.27%) were applied to the calculation for Rudiarius Capital Management (Pty) Ltd and AS Sure Investments (Pty) Ltd respectively. A terminal value growth rate of 4.75% (2018: 4.75%) was applied to both impairment tests.

The equity-accounted investment's carrying amount for Rudiarius Capital Management (Pty) Ltd was lower than its recoverable amount and no impairment loss was recognised (2018: Rnil). The equity-accounted investment's carrying amount for AS Sure Investments (Pty) Ltd of R5.15 million (2018: R5.44 million) before impairment, was higher than its recoverable amount of R2.39 million (2018: R5.12 million), and an impairment loss of R2.75 million (2018: R320 000) was recognised in profit or loss.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *(Continued)*

FOR THE YEAR ENDED 31 AUGUST 2019

5. OTHER INVESTMENTS

	2019 R'000	2018 R'000
5.1 INVESTMENTS ELECTED AS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Linked unit investment (Fair value hierarchy: Level 1)	2 393	2 481
These investments were previously classified as available-for-sale under IAS 39.		
5.2 INVESTMENTS AS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Inyosi Enterprise Development portfolio investment (Fair value hierarchy: Level 3)	1 027	1 004
This investment was previously also classified as at fair value through profit or loss, under IAS 39 but designated as such and is now mandatory under this category.		
Total investments	**3 420**	**3 485**
Non-current assets	1 027	2 393
Current assets	2 393	1 092
	3 420	**3 485**

The significant unobservable inputs for determining the fair value of the Inyosi Enterprise Development portfolio investment include the number of units allocated in the investment, the price per unit as derived from the reporting date asset management valuation statement, the value of the initial investment relative to the market value of the underlying securities which the investment comprises of as well as the composition of the underlying securities. At the reporting date, the Group held 1 019 1801 units (2018: 997 399 units) in the investment at a price per unit of 100.73 cents (2018: 100.64 cents). The fair value of the investment would increase (decrease) with a change in any of the inputs.

6. DEFERRED TAX ASSETS (LIABILITIES)

	2019 R'000	2018 R'000
Non-current assets	128 825	138 933
Non-current liabilities	(32 124)	(31 438)
	96 701	**107 495**
The net deferred tax assets (liabilities) comprises the following temporary differences:		
Accruals and provisions	10 803	13 219
Income received in advance	244	394
Fair value adjustment on investments	185	177
Profit-share cancellation liabilities	18 275	120 400
Calculated tax losses	106 959	11 588
Prepaid expenses	(1 403)	(1 406)
Intangible assets	(34 648)	(34 222)
Property and equipment	(3 714)	(2 655)
	96 701	**107 495**
Reconciliation of net deferred tax assets (liabilities)		
Balance at the beginning of the year	107 495	(18 004)
Acquisitions through business combinations	(4 790)	(2 274)
Disposals of businesses	(814)	268
Charge recognised in profit or loss	(4 391)	129 415
Charge recognised in other comprehensive income	(799)	(1 910)
Balance at the end of the year	**96 701**	**107 495**

Deferred tax assets includes an amount of R11.23 million (2018: R13.79 million), relating to temporary differences which will reverse in the year ahead and is expected to be realised within 12 months. Deferred tax assets includes an amount of R125.23 million (2018: R131.99 million), relating to temporary differences which will reverse as taxable income is generated.

Deferred tax liabilities includes an amount of R1.4 million (2018: R1.41 million), relating to temporary differences which will reverse in the year ahead and is expected to be settled within 12 months. Deferred tax liabilities includes an amount of R38.36 million (2018: R36.88 million), relating to temporary differences which will reverse after 1 year.

The utilisation of the deferred tax asset raised on calculated losses is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. Management is confident that the deferred tax assets recognised will be recovered in future years based on approved budgets and forecasts. A substantial portion of the Group's net deferred tax asset arose as a result of the profit-share cancellation transaction which took place in the prior year. Utilisation of the deferred tax asset is supported by the Group's ability to generate significant taxable income within Boutique Collective Investments RF (Pty) Ltd and Boutique Investment Partners (Pty) Ltd going forward as these subsidiaries will no longer incur the previously recurring profit-share expenses.

7. CONVERTIBLE LOAN

	2019 R'000	2018 R'000
Convertible loan from profit-share cancellation nominees	**167 192**	**158 183**

The convertible loan arose during the prior year to fund the Group's profit-share cancellation expense (Refer to note 10).

The loan will either be settled in cash or in ordinary shares to be issued in Efficient Group Ltd to the parties. The share issue is within the control of the Group. The cash settlement is dependent on Efficient Group Ltd raising capital to settle this loan. Should the capital raising be successful, the loan will be settled in cash. Whether to raise the capital is within the Group's control, therefore it can unconditionally avoid the contractual obligation to settle the loan in cash, until such time as capital is raised. The shortfall of capital not raised could result in a partial settlement of shares issued. The initial date for settlement or conversion of this loan as at the prior year reporting date was 30 August 2019, however, during the current year, this date was postponed and agreed to by all parties as being 31 December 2020.

Should the loan be settled by conversion to issued share capital, such shares will be issued at a price of 530 cents and the maximum number of shares to be issued to the nominees amounts to 29 845 849. Some of the nominees to whom the equity loan is payable are related parties of the Group. Refer to note 18 for more detail thereon.

The nominees have all subordinated their claims in respect of this loan in favour of the Group's present and future debt to Standard Bank of South Africa Ltd.

The loan bears interest at the prime interest rate plus 3% and is payable quarterly. During the current year, only a portion of the interest payable on the loan was paid to the nominees. The effective interest rate at the reporting date was 13% (2018: 13%).

Due to the mandatory interest which will be paid, the loan is considered to be a compound financial instrument and has an equity and debt portion. The allocation is as follows:

	2019 R'000	2018 R'000
Equity	138 981	138 981
Financial liability	28 211	19 202
+ Non-current liabilities	5 452	-
+ Current liabilities	22 759	19 202
	167 192	**158 183**

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FOR THE YEAR ENDED 31 AUGUST 2019

The reconciliation below indicates the movements in this convertible loan during the year:

	2019 R'000	2018 R'000
Loan advanced on profit-share cancellation transaction	158 183	158 183
Interest accrued on loan	2 932	-
Repayments of interest	(7 145)	-
Loss on modification of loan	13 222	-
	167 192	**158 183**

The loss recognised on the modification of loan relates to the remeasurement of the present value of contractual interest payments due based on the extended terms agreed to by the Group during the current year.

The future mandatory interest payments expected to be made for the next year will amount to R30.79 million (2018: R5.2 million per quarter).

8. NON-CONTROLLING INTERESTS

			NCI ownership interest	
	Operating segment	Principal place of business	2019 %	2018 %
Efficient Group Swaziland (Pty) Ltd (1)	Investments	Swaziland	N/A	49%
Efficient Select Swaziland (Pty) Ltd (1)	Investments	Swaziland	N/A	74%
Efficient Board of Executors (Pty) Ltd	Solutions	Republic of South Africa	49.99%	49.99%
Efficient Private Clients (Pty) Ltd	Solutions	Republic of South Africa	49.90%	49.90%
Secure Capital Investments (Pty) Ltd	Financial Services	Republic of South Africa	49%	49%
Efficient Benefit Consulting (Pty) Ltd	Solutions	Republic of South Africa	37.50%	37.50%
Dinamika Fonds Bestuurders (Pty) Ltd	Solutions	Republic of South Africa	0.98%	N/A

(1) Efficient Group Swaziland (Pty) Ltd had a NCI of 49% and held 51% of the voting rights and ownership interest in Efficient Select Swaziland (Pty) Ltd. Both of these companies were dormant during the current and prior years and had a net asset value of Rnil, before their deregistration during the current year.

Reconciliation of NCI equity balance

	Efficient Board of Executors (Pty) Ltd	Efficient Private Clients (Pty) Ltd	Secure Capital Investments (Pty) Ltd	Efficient Benefit Consulting (Pty) Ltd	Dinamika Fonds Bestuurders (Pty) Ltd	Total
	R'000	R'000	R'000	R'000	R'000	R'000
2019						
Balance at the beginning of the year	1	3 450	1 666	(2 269)	-	2 848
Recognition on acquisition of business	-	-	-	-	108	108
Total comprehensive income (loss) for the year	41	28	300	(1 716)	20	(1 327)
Dividends declared	-	-	(480)	-	(9)	(489)
Balance at the end of the year	**42**	**3 478**	**1 486**	**(3 985)**	**119**	**1 140**

	Efficient Board of Executors (Pty) Ltd	Efficient Private Clients (Pty) Ltd	Secure Capital Investments (Pty) Ltd	Efficient Benefit Consulting (Pty) Ltd	Total
2018					
Balance at the beginning of the year	(23)	3 830	1 785	-	5 592
Total comprehensive income (loss) for the year	24	(380)	498	(2 269)	(2 127)
Dividends declared	-	-	(617)	-	(617)
Balance at the end of the year	**1**	**3 450**	**1 666**	**(2 269)**	**2 848**

9. LOANS AND BORROWINGS

	Sub-note reference	2019	2018
		R'000	R'000
Vendor liabilities for acquisition of client bases	9.1	2 303	3 554
Forward-purchase liabilities	9.2	-	6 916
Purchase consideration liabilities	9.3	9 692	1 599
Working capital loans	9.4	247 890	35 367
Mortgage loans	9.5	27 005	28 314
Loans from non-controlling interests	9.6	1 606	1 451
Profit-share cancellation liabilities	9.7	55 037	271 817
		343 533	**349 018**
Non-current liabilities		233 985	88 979
Current liabilities		109 548	260 039
		343 533	**349 018**

9.1 VENDOR LIABILITIES FOR ACQUISITION OF CLIENT BASES

	2019	2018
Loans for the acquisition of customer contracts and customer relationships	2 303	3 554
Non-current liabilities	703	3 554
Current liabilities	1 600	-
	2 303	**3 554**

These loans form part of the acquisition of intangible assets, presented as customer contracts and customer relationships (client bases) by Efficient Financial Services (Pty) Ltd. The loans are unsecured, interest-free and repayable at various instalment dates and amounts. The last instalment is payable in September 2021. The fair value of the outstanding liabilities at the reporting date is R2.17 million (2018: R3.29 million). The fair value hierarchy is Level 3. The valuation considers the present value of the payments set out in the agreements, discounted using a discount rate of 10% (2018: 10%). Any change in the discount rate applied would change the fair value of these liabilities. These loans are measured at amortised cast.

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	2019 R'000	2018 R'000
9.2 FORWARD PURCHASE LIABILITIES		
Phase two liability	-	6 916
Non-current liabilities	-	-
Current liabilities	-	6 916
	-	**6 916**
Reconciliation of forward purchase liabilities		
Balance at the beginning of the year	6 916	32 112
Re-measurement adjustments recognised in profit or loss	-	(2 028)
Interest recognised in profit or loss	361	-
Payments and settlements during the year	(7 277)	(23 168)
Balance at the end of the year	**-**	**6 916**

The phase two liability related to the acquisition of Select Manager (Pty) Ltd and its subsidiaries, entered into during 2015. The transaction made provision for a phase one consideration and a phase two consideration payable. The full phase one consideration was paid by the Group in prior years.

The fair value hierarchy is Level 3. The valuation considered the present value of the expected payments set out in the contract. No discounting was applied at the prior year reporting date due to the short period in which the phase two liability will be settled after the reporting date.

The unobservable inputs for previously calculating the fair value of the phase two liability included the budgets and forecasts, the conversion ratio of independent financial advisor book buys, profit targets and free-cash flows. The fair value and carrying amount of the liability would increase or decrease with any reasonable change in the inputs used.

In accordance with the initial acquisition agreement, the parties agreed on the final phase two purchase price. Where necessary for certain items under dispute which formed the bases of the purchase price; an expert determination was obtained from a professional firm agreed to by all the parties. The purchase price determination was finalised on 14 August 2018.

The outstanding phase two liability accrued interest at the FNB Call Account Rate until settlement which took place during the current year.

The effective interest rate at the date of settlement was 5.15%.

	2019 R'000	2018 R'000
9.3 PURCHASE CONSIDERATION LIABILITIES		
Contingent purchase consideration liabilities	9 206	1 599
Determined purchase consideration liabilities	486	-
	9 692	**1 599**
Non-current liabilities	4 347	274
Current liabilities	5 345	1 325
	9 692	**1 599**
Reconciliation of determined purchase consideration liabilities		
Balance at the beginning of the year	1 599	6 210
Recognition of business combination	8 740	-
Re-measurement adjustments recognised in profit or loss	(1 169)	(2 164)
Interest recognised in profit or loss	466	-
Payments and settlements during the year	(382)	(2 447)
Transfer to determined purchase consideration liabilities	(448)	-
Transfer to loans receivable	400	-
Balance at the end of the year	**9 206**	**1 599**
Reconciliation of determined purchase consideration liabilities		
Balance at the beginning of the year	-	-
Transfer from contingent purchase consideration liabilities	448	-
Interest recognised in profit or loss	38	-
Balance at the end of the year	**486**	**-**

The above liabilities represent the balance of the purchase price payable for the acquisitions of W Allen-White Brokers (Pty) Ltd and Secure Capital Investments (Pty) Ltd, which were acquired during prior years by Select Manager (Pty) Ltd as well as the acquisition of Dinamika Fonds Bestuurders (Pty) Ltd, which was acquired during the current year. The amounts payable in the prior year were dependent on the value of additional assets invested by the clients of W Allen-White Brokers (Pty) Ltd and Secure Capital Investments (Pty) Ltd in the Collective Investment Schemes managed by Select Manager (Pty) Ltd, up to the measurement date; as well as an earnings multiple as stipulated in the purchase agreement. The amount payable in respect of the current year acquisition is dependent on the normalised revenue generating ability of the business purchased.

As per the agreed terms for prior year acquisitions; the finalisation of the purchase price which was previously contingent, was done during the current year. The measurement period expired on 28 February 2019 and from this point, the purchase price was considered to be determined. Based on the final measurement, an amount is still due for the acquisition of Secure Capital Investments (Pty) Ltd. However, an amount is due to the Group in respect of the acquisition of W Allen-White Brokers (Pty) Ltd. The amount due was transferred to loans receivable.

The remaining liability payable for the acquisition of Secure Capital Investments (Pty) Ltd is contractually due to be settled in two instalments amounting to R352 082 and R95 649 which are due on 28 February 2021 and 28 February 2022 respectively. The instalments due will be paid inclusive of any interest accrued at an Escrow account rate up to date of payment. Interest has been recognised at the effective interest rate of 6.35% at the reporting date.

The significant unobservable inputs for determining the fair value of the contingent consideration liabilities at the prior year reporting date for the liabilities payable, including additional assets to be invested as described above of R287.22 million. The fair value and carrying amount of the liabilities would have increased or decreased with any reasonable change in the inputs used.

The amounts due to the former shareholders of Dinamika Fonds Bestuurders (Pty) Ltd are due to be settled in two instalments of R6.22 million and R4.14 million respectively. The interest charged on this liability represents the charge in respect of discounting the future instalments to their present values. This interest is included in finance costs under interest on loans and borrowings (refer to note 11). The significant unobservable input for determining the fair value of the contingent consideration liabilities at the reporting date for these amounts due, is the normalised revenue generated by Dinamika Fonds Bestuurders (Pty) Ltd, set at R6.72 million. The fair value and carrying amount of the liabilities would have increased or decreased with any reasonable change in the input used. Refer to note 16 for more detail.

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The contingent purchase consideration liabilities are remeasured to fair value at each reporting date. Their carrying amount represents management's best estimate of the amounts payable under the acquisition agreements. The fair value hierarchy for these liabilities is Level 3. The valuation considers the present value of expected payments to be made.

The determined purchase consideration liabilities are measured at amortised cost at the reporting date.

	2019 R'000	2018 R'000
9.4 WORKING CAPITAL LOANS		
Facility C	3 152	4 950
Facility D	10 006	7 500
Facility E	14 592	22 917
Facility F	220 140	-
	247 890	**35 367**
Non-current liabilities	147 600	25 234
Current liabilities	100 290	10 133
	247 890	**35 367**

The loans relate to an amortising term loan from Standard Bank of South Africa Ltd to assist the subsidiaries with their respective working capital requirements, and consists of four loan facilities. All working capital loans are subject to certain loan financial covenants, all of which have been met during the current and prior years, with the exception of breaches in the debt/equity ratio and interest cover ratio at the current year reporting date; which have been set aside by Standard Bank of South Africa Ltd.

Facility C bears interest at JIBAR plus 3.95% per annum and is repayable in 20 quarterly and equal capital payments of R450 000 plus interest accrued for the period. This facility is required to be fully repaid by 27 May 2021. The effective interest rate at the reporting date was 10.77% (2018: 10.96%).

Facility D bears interest at JIBAR plus 3.95% per annum. The amounts due under this facility is required to be fully repaid by 28 February 2021. The effective interest rate at the reporting date was 10.77% (2018: 10.96%). The Group had R2.5 million available for utilisation under this facility at the prior year reporting date, which was utilised during the current year.

Facility E bears interest at JIBAR plus 3.5% per annum. The facility is repayable in 12 quarterly and equal capital payments of R2.08 million plus interest accrued for the period. The effective interest rate at the reporting date was 10.32% (2018: 10.51%).

Facility F was advanced during the current year to settle a portion of the profit-share cancellation expense (refer to note 10). There are no capital repayments due during the first year. From the first anniversary, capital repayments of R15 million are due quarterly starting 30 November 2019. In addition, the Group has contractually agreed to settle an additional R30 million towards capital repayments in the short-term, which will improve its financial covenant ratios which are currently in breach to a more acceptable level. Interest on this loan is payable quarterly from the date of advance. The amount payable under this facility bears interest at JIBAR plus 4.90% per annum. The effective interest rate at the reporting date was 11.72%.

	2019 R'000	2018 R'000
9.5 MORTGAGE LOANS		
Catnia and Dely property loan	27 005	28 314
Non-current liabilities	24 692	26 649
Current liabilities	2 313	1 665
	27 005	**28 314**

The mortgage loans are amortising term loans payable to Standard Bank of South Africa Ltd and is secured by property with a carrying amount of R60.7 million (2018: R57.7 million). Refer to note 1.

The property loan bears interest at the prime interest rate less 1%. The capital is repayable in 60 escalating monthly instalments ranging between R120 585 to R222 982 over the five-year period. The loan is required to be fully repaid by 11 December 2022. The effective interest rate on this loan at the reporting date was 9% (2018: 9%).

	2019	2018
	R'000	R'000
9.6 LOANS FROM NON-CONTROLLING INTERESTS		
DD Roodt	798	721
AH Ernst	485	438
E Viljoen	323	292
	1 606	**1 451**
Non-current liabilities	1 606	1 451
Current liabilities	-	-
	1 606	**1 451**

These loans are payable to the non-controlling interest shareholders of Efficient Private Clients (Pty) Ltd. The loans are unsecured, bear interest at the prime rate and have no fixed repayment terms. At 31 August 2019, all the shareholders have agreed not to recall payment on these loan at least until 31 December 2020. The effective interest rate at the reporting date on these loans was 10% (2018: 10%).

The shareholders' agreement provides for additional interest of 3% above the prime rate should the proportion of any of the shareholders' loans payable exceed the proportion of the shareholding interest held in Efficient Private Clients (Pty) Ltd, in relation to the total shareholders' loans payable. The effective interest rate on the excess shareholder loans payable at the reporting date was 13% (2018: 13%).

	2019	2018
	R'000	R'000
9.7 PROFIT-SHARE CANCELLATION LIABILITIES		
Liabilities recognised for profit-share cancellation expense	48 484	271 817
Cancellation fee liabilities	-	208 020
Restraint fee liabilities	-	19 730
General employee incentive liabilities	12 250	24 500
Participating partner incentive liabilities	19 567	19 567
Nominee incentive liabilities	16 667	-
Liabilities recognised for interest due on outstanding liabilities	6 553	-
General employee incentive liabilities	981	-
Participating partner incentive liabilities	1 567	-
Nominees incentive liabilities	4 005	-
	55 037	**271 817**
Non-current liabilities	55 037	31 817
Current liabilities	-	240 000
	55 037	**271 817**

The above liabilities arose during the prior year, as a result of the profit-share cancellation transaction which became effective on 31 August 2018. Refer to note 10. The Group settled the cancellation fee liabilities, restraint fee liabilities and R12.25 million of the general employee incentive liabilities during September 2018. This was funded from the proceeds of the working capital loan received from Standard Bank of South Africa Ltd (as per note 9.4). The liabilities settled bore interest at the prime rate from the effective date until their settlement. The Group incurred interest amounting to R421 295 on these liabilities during the current year when they were settled.

The remaining R12.25 million of the general employee incentive liabilities as well as the participating partner incentive liabilities recognised in the prior year, are payable in full on 30 August 2021.

The nominee incentive liabilities represent other long-term employee benefits and the increase in the profit-share cancellation expense is recognised against these liabilities as the nominee employees render their services to the Group over the 3-year retention period, which commenced on 1 September 2018 and will end on 30 August 2021.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *(Continued)*

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The outstanding general employee liabilities, participating partner incentive liabilities and nominee incentive liabilities are interest-bearing. Interest accrues at the rate published by the BCI Money Market Fund (class B, JSE code BMMFB), and failing such rate, the average money market fund rate as published by Morningstar, based on the reinvestment of income on a monthly basis. The effective interest rate at the reporting date was 7.68%. The participating partner incentive liabilities are measured at amortised cost.

Some of the liabilities disclosed above are payable to related parties of the Group. Refer to note 18 for detail thereof.

10. PROFIT-SHARE CANCELLATION

	2019 R'000	2018 R'000
Profit-share cancellation expense	16 667	430 000
Cancellation fee	-	366 203
Initial general employee incentive	-	12 250
Restraint fee	-	19 730
Further general employee incentive	-	12 250
Participating partner incentive	-	19 567
Nominee incentive	16 667	-
Transaction costs on profit-share cancellation (1)	968	12 730
	17 635	**442 730**

(1) Included in the transaction costs for this transaction for the prior year, is an amount of R5.23 million relating to incentives accrued for the executive directors of the Company, relating to the conclusion of this transaction.

The profit-share cancellation relates to the "Joint Management and Profit Incentive Agreement" (the PS agreement) which was concluded during August 2013. Through the PS agreement, executive director, RH Walton and his nominees were entitled to receive a profit-share amounting to 66% of the profits in subsidiaries Boutique Collective Investments (RF) (Pty) Ltd, Boutique Investment Partners (Pty) Ltd and Instit (Pty) Ltd. As per the PS agreement, the Company exercised its option to cancel the profit-share arrangement, subject to payment of a fee agreed upon during the prior year. The fee agreed upon by all parties was R480 million, of which R50 million is dependent on RH Walton and his nominees remaining in the employ of the Group until 31 August 2021 (the payment date). This deferred portion will be recognised as an expense over the three-year period ending 31 August 2021 as an "other long-term employee benefit" in accordance with IAS 19 Employee Benefits. The deferred portion will be recognised proportionate to the Group's expectation of whether the RH Walton and his nominees will remain in employ until the payment date.

The transaction became effective on 31 August 2018 after approval by the Company's shareholders, at which point all suspensive conditions were met.

The initial and general employee incentives are payable to the employees of Boutique Collective Investments (RF) (Pty) Ltd, Boutique Investment Partners (Pty) Ltd, none of whom are related parties to the Group.

The participating partner incentives are payable to the clients of Boutique Collective Investments (RF) (Pty) Ltd who previously shared in the profits of this subsidiary through a co-naming partner fee agreement. These agreements have also been cancelled concurrently with the PS agreement.

The cancellation fee, initial general employee incentive and restraint fee became payable on 31 August 2018. The further general employee incentive and the participating partner incentive is payable on 31 August 2021. Should the employees no longer be in the employee of the Group or the participating partners no longer be clients of Boutique Collective Investments (RF) (Pty) Ltd, these incentives become payable to RH Walton, regardless of RH Walton's employment status with the Group at 31 August 2021.

The nominee incentive is a retention incentive for senior management of Boutique Collective Investments (RF) (Pty) Ltd and Boutique Investment Partners (Pty) Ltd. The expense is recognised over the retention period, 1 September 2019 to 31 August 2020. It is payable on 31 August 2021. Should the nominees no longer be in the employee of the Group, these incentives become payable to RH Walton. If RH Walton is no longer employed by the Group, the incentive is forfeited.

The restraint fee payable is in lieu of certain restraint of trade conditions imposed on the parties which will be effective for a period of ten years from termination of employment with the Group, in the case of RH Walton; and a period of five years from termination of employment with the Group, in the case of each of the other restraint nominees.

The Group financed the transaction through the convertible loan (refer to note 7), borrowings from Standard Bank of South Africa Ltd (refer to note 9.4) and profit-share cancellation liabilities (refer to note 9.7).

Refer to note 18 for detail of the related party portion of the profit-share cancellation expense.

11. FINANCE COSTS

	2019 R'000	2018 R'000
Interest expense - loans and borrowings	35 730	5 184
Interest expense - other	6 149	381
	41 879	**5 565**

The significant increase in the Group's finance costs relates to the funding of the profit-share cancellation transaction which was effective at the end of the prior year. The amounts due were funded by interest-bearing borrowings. The interest expense on loans and borrowings also includes interest on liabilities as at fair value through profit or loss. Refer to note 9 for more detail on the Group's interest-bearing liabilities.

12. TAXATION

	2019 R'000	2018 R'000
Current taxation	3 947	17 777
Current year	4 183	18 070
Prior years	(236)	(293)
Deferred taxation	4 391	(129 415)
Current year	4 404	(129 010)
Prior years	(13)	(405)
	8 338	(111 638)

Tax rate reconciliation

	2019	2018
Standard tax rate	28.00%	28.00%
Share of profits from investments in equity-accounted associates, net of taxation	(0.20%)	0.06%
Dividend income	(0.03%)	0.00%
Other non-taxable income	(0.06%)	0.00%
Impairment of goodwill	0.00%	(0.02%)
Impairment of investments in equity-accounted associates	2.16%	(0.02%)
Impairment of loans and other receivables	0.09%	(0.08%)
Profit from disposal of customer contracts and customer relationships	(0.61%)	0.00%
Re-measurement of loans and borrowings at fair value through profit or loss	(0.95%)	0.14%
Profit on disposal of subsidiaries	(1.69%)	0.00%
Finance cost deduction on convertible loan	(15.11%)	0.00%
Loss on modification of convertible loan	10.41%	0.00%
Non-deductible finance costs	0.46%	(0.06%)
Non-deductible legal and consulting expenses	1.27%	(0.06%)
Non-deductible depreciation and amortisation	0.17%	(0.02%)
Non-deductible donations	0.04%	(0.01%)
Other non-deductible expenditure	0.22%	(0.15%)
Capital gains	0.08%	(0.01%)
Prior year adjustments	(0,83%)	0.17%
Unrecognised deferred tax assets	0.02%	(0.01%)
Effective tax rate	**23.44%**	**27.93%**

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13. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share is calculated by dividing the profit (loss) attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

	2019 Number of R'000	2018 Number of R'000
Weighted average number of ordinary shares		
Ordinary shares in issue at the beginning of the year	89 495	90 593
Effect of shares repurchased during the year	(305)	(326)
Effect of treasury shares held from the beginning of the year	(321)	(321)
Weighted average number of ordinary shares for basic earnings (loss) and headline earnings (loss)	88 869	89 946
Potential ordinary shares to be issued [(1)]	29 846	-
Weighted average number of ordinary shares for diluted earnings (loss) and diluted headline earnings (loss)	**118 715**	**89 946**

(1) The potential ordinary shares to be issued in respect of the convertible loan per note 7 did not have a significant impact on the weighted average number of ordinary shares in issue during the prior year, as the convertible loan became effective during the course of the day on 31 August 2018.

Other than the shares noted, the Group does not have any potential dilutive ordinary shares to take into account in determining the diluted (loss) earnings per share and diluted headline (loss) earnings per share for neither the current year nor the prior year.

	2019 R'000	2018 R'000
Basic earnings (loss)		
Net profit (loss) for the year attributable to equity holders of the parent	28 560	(285 946)
Diluted earnings (loss)		
Basic earnings (loss)	28 560	(285 946)
Interest on convertible loan	2 932	-
Loss on modification of convertible loan	13 222	-
Taxation on interest on convertible loan	(6 198)	-
Diluted earnings (loss)	**38 516**	**(285 946)**
Headline earnings (loss)		
Attributable earnings (loss)	28 560	(285 946)
Profit on disposal of equipment	(14)	-
Taxation on disposal of equipment	4	-
Profit on disposal of customer contracts and customer relationships	(737)	(1 342)
Taxation on disposal of customer contracts and customer relationships	27	431
Profit on disposal of subsidiaries	(983)	-
Taxation on disposal of subsidiaries	(327)	-
Impairment of goodwill	-	350
Impairment of investments in equity-accounted associates	2 750	320
Headline earnings (loss)	**29 280**	**(286 187)**
Diluted headline earnings (loss)		
Headline earnings (loss)	29 280	(286 187)
Interest on convertible loan	2 932	-
Loss on modification of convertible loan	13 222	-
Taxation on interest on convertible loan	(6 198)	-
Diluted earnings (loss)	**39 236**	**(286 187)**

	2019 Cents	2018 Cents
Basic earnings (loss) per share	32.14	(317.91)
Headline and diluted headline earnings (loss) per share[1]	32.95	(318.18)
Headline earnings (loss) earnings per share	32.95	(318.18)
Diluted earnings (loss) per share[1]	32.14	(317.91)

(1) The impact of the potential ordinary shares to be issued for the current year is anti-dilutive.

14. DIVIDENDS PER SHARE

Dividends of 7.4 cents (2018: 6.41 cents) per share and nil (2018: 2 cents) per share were declared and paid in December 2018 (2018: December 2017) and May 2019 (2018: May 2018) by the Company to its shareholders.

15. NOTES TO THE STATEMENT OF CASH FLOWS

15.1 CASH GENERATED FROM OPERATIONS

	2019 R'000	2018 R'000
Profit (loss) before taxation	35 571	(399 711)
Adjustments for:		
Depreciation on property and equipment	2 386	2 429
Amortisation on intangible assets	15 867	14 753
Dividend income	(38)	(25)
Profit on disposal of equipment	(14)	-
Profit on disposal of customer contracts and customer relationships	(737)	(1 342)
Profit on disposal of subsidiaries	(983)	-
Re-measurement of loans and borrowings at fair value through profit or loss	(1 169)	(1 486)
Gain on settlement of loans and borrowings at amortised cost	(33)	(562)
Fair value adjustment of investment designated at fair value through profit or loss	(17)	97
Loss on modification of convertible loan	13 222	-
Finance income	(6 757)	(7 123)
Finance costs	41 879	5 565
Bad debts expense	-	5 665
Impairment of goodwill	-	350
Impairment of investments in equity-accounted associates	2 750	320
Profit-share cancellation expense funded through loans and borrowings	16 667	430 000
Share of profits from investments in equity-accounted associates, net of taxation	(250)	(913)
Operating profit before changes in working capital	118 344	48 017
Changes in working capital:		
Trade and other receivables	(1 073)	6 693
Trade and other payables	(22 314)	(9 990)
Provisions	(114)	(361)
Cash generated from operations	**94 843**	**44 359**

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *(Continued)*

FOR THE YEAR ENDED 31 AUGUST 2019

	2019 R'000	2018 R'000
15.2 TAXATION PAID		
Current tax receivable	940	592
Current tax payable	(158)	(998)
Net taxation receivable (payable)	**782**	**(406)**
Balance payable (receivable) at the beginning of the year	406	(240)
Acquisitions through business combinations	(90)	-
Charge in profit or loss	3 947	17 777
Balance receivable (payable) at the end of the year	782	(406)
Taxation paid	**5 045**	**17 131**
15.3 ACQUISITION AND DISPOSAL OF BUSINESSES		
Acquisition of businesses, net of cash acquired		
Trade and other receivables	665	-
Intangible assets	17 174	8 108
Deferred tax liabilities	(4 790)	(2 274)
Trade and other payables	(864)	-
Current tax receivable	90	-
Cash and cash equivalents	283	-
Net identifiable assets acquired	12 558	5 834
Goodwill	3 591	2 275
Non-controlling interests recognised at acquisition	(108)	-
Loans and borrowings recognised as part of the purchase price	(9 799)	(2 305)
Loans receivable recognised as part of the purchase price	1 983	-
Cash acquired	(283)	-
Net cash paid on acquisition of businesses	**5 933**	**5 804**
Proceeds on disposal of businesses, net of cash disposed		
Intangible assets	-	(956)
Equipment	(19)	-
Deferred tax assets	(817)	-
Trade and other receivables	(3 316)	-
Trade and other payables	2 813	-
Cash and cash equivalents	(229)	-
Net identifiable assets disposed	(1 568)	(956)
Profit of disposal of subsidiaries	(983)	-
Profit on disposal of customer contracts and customer relationships	(737)	-
Consideration for disposals	(3 288)	(956)
Loans receivable recognised as part of disposals	2 500	-
Cash and cash equivalents	229	-
Net cash received on disposal of businesses	**(559)**	**(956)**

The current year disposals relate to previous subsidiaries consolidated; Efficient Institutional Investment Managers (Pty) Ltd disposed on 1 December 2018 and Efficient IDS (Pty) Ltd disposed on 1 March 2019. In addition, the Group disposed of a financial advisory client base within Efficient Financial Services (Pty) Ltd as part of a settlement agreement.

The business disposed of during the prior year relates to a financial advisory client base which was recognised as part of the purchase price allocation, when the Group acquired Efficient Wealth (Pty) Ltd during 2014. The disposal was to former prescribed officers of the Group, CP Burger and NE Burger and their related entities. The disposal was effected on 31 October 2017 and no cash was disposed of during this transaction.

15.4 NET CASH ON FINANCING ACTIVITIES

The following represents the net cash flows on loans and borrowings for the current year, not otherwise disclosed elsewhere in these financial statements:

	Vendor liabilities	Other long-term liabilities	Profit-share cancellation liabilities
	R'000	R'000	R'000
Balance at the beginning of the year	(3 554)	(63 681)	(271 817)
Balance at the end of the year	2 303	274 895	55 037
Recognition of business combination	(1 059)	-	-
Gain recognised in profit or loss	33	-	-
Profit-share cancellation expense accrued in profit or loss	-	-	(16 667)
Interest accrued in profit or loss	-	(369)	(6 553)
Net cash paid	**(2 277)**	**210 845**	**(240 000)**
Proceeds on loans and borrowings	-	242 500	-
Repayment of loans and borrowings	(2 277)	(31 655)	(240 000)
	(2 277)	**210 845**	**(240 000)**

16. DETAILS OF BUSINESS COMBINATIONS

During the current year, the Group, acquired various businesses in the Republic of South Africa, either by acquiring the financial advisory client bases (customer contracts and customer relationships) or by acquiring the majority equity interest in the businesses. No significant acquisition costs have been incurred by the Group during its acquisitions. Any incidental costs incurred by the Group, were expensed.

The acquisitions all contribute to the Group's strategy to increase its local footprint in the Financial Services industry.

Details of the assets, liabilities and consideration transferred for the Group's acquisitions executed during the current year are stated below:

	Dinamika Fonds Bestuurders (Pty) Ltd	Various financial advisory client bases	Total
	R'000	R'000	R'000
Net tangible identifiable assets	176	-	176
Intangible assets	15 005	2 168	17 173
Deferred tax liabilities	(4 183)	(607)	(4 790)
Net identifiable assets	10 998	1 561	12 559
Goodwill acquired	2 984	607	3 591
Consideration transferred	**13 982**	**2 168**	**16 150**
The consideration transferred is made up as follows:			
Cash	6 216	-	6 216
Contingent consideration liabilities	7 657	-	7 657
Loans to independent financial advisors	-	(1 350)	(1 350)
Other loans available	(633)	-	(633)
Vendor liabilities for acquisition of client bases	-	2 168	2 168
Non-controlling interests	108	-	108
Consideration transferred	**13 981**	**2 168**	**16 149**

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The consideration transferred during the acquisition of the businesses are determined as a multiple of the acquirer's revenue in proportion to the interest acquired in the financial advisory client base.

The above analysis of net assets represents the fair value of assets acquired. In determining the fair value of intangible assets acquired, the multi-period excess earnings method was used, which is commonly used in the financial services industry. This method considers the present value of net cash flows expected to be generated by intangible assets recognised at acquisition, excluding any cash flows related to contributory assets.

The financial advisory client bases were acquired from various independent financial advisors. It is impractical to disclose the acquisition and other details for each of them as they are homogenous. The 8 acquisitions concluded during the current year, were within Efficient Financial Services (Pty) Ltd.

The goodwill arising on the above acquisitions is mainly attributable to the skills and technical talent of the key-management and independent financial advisors who come on board to the Group with the acquisitions, as well as the synergies that are expected to be achieved from integrating the above businesses into the existing suite of businesses of the Group. None of the goodwill recognised on the acquisition is expected to be deductible for tax purposes.

The current year business combinations contributed R7.35 million (2018: R8.62 million) to the Group's revenue and R2.86 million to the Group's profit (2018: reduced the Group's loss for the year by R1.26 million).

Non-controlling interests at acquisition date were measured at fair value. Refer to notes 9.1 and 9.3 for terms and conditions of the vendor liabilities for acquisition of client bases and contingent consideration liabilities respectively, recognised as part of the consideration transferred on business combinations recognised during the current and prior years.

The Group is satisfied based on its assessment that all the acquisitions executed as detailed above meet the definition of a "business" as per IFRS 3 Business Combinations.

The acquisition of Dinamika Fonds Bestuurders (Pty) Ltd was effective on 1 April 2019 and is consolidated into these financial statements from that date. Dinamika Fonds Bestuurders (Pty) Ltd is a portfolio manager of collective investment scheme funds.

During the prior year, the Group also acquired various financial advisory client bases.

17. CONTINGENT LIABILITIES

The Group has the following outstanding guarantees in place:

+ A guarantee in the amount of R3 million in terms of a mortgage loan agreement between Efficient Capital (Pty) Ltd and Standard Bank of South Africa Ltd related to the purchase of the Catnia building in Belville. Refer to notes 1 and 9.5; and
+ A guarantee in the amount of R955 000 issued to the City of Tshwane Metropolitan Municipality for performance obligations in terms of a rezoning service agreements related to the construction of the new Dely building in Alphenpark on behalf of Efficient Capital (Pty) Ltd.

None of the above guarantees are "financial guarantees" which require recognition of financial liabilities in the Group financial statements.

The Group is not engaged in any pending litigation which requires recognition of any provisions or disclosure of additional contingent liabilities.

18. RELATED PARTY BALANCES AND TRANSACTIONS

	2019 R'000	2018 R'000
18.1 BALANCES WITH RELATED PARTIES		
Share-purchase scheme loans receivable from related parties		
DD Roodt	-	221
Non-controlling intreest loans payable to related parties		
DD Roodt	798	721
AH Ernst	485	438
	1 283	**1 159**
Trade receivables owing by related parties		
Rudiarius Capital Management (Pty) Ltd	40	-
Uhuru Asset Management (Pty) Ltd	160	151
	200	**151**
Trade payables owing to related parties		
Rudiarius Capital Management (Pty) Ltd	659	861
AS Sure Investment Services (Pty) Ltd	906	978
Midnight Storm Investments 299 (Pty) Ltd	69	5
LCZ Cele	-	29
	1 634	**1 873**
Convertible loan owing to related parties		
Grondputs Beleggings (Pty) Ltd (26 638 301 ordinary shares) (1)	149 224	141 183
GFJ Abrahams (849 057 ordinary shares) (1)	4 756	4 500
JP de Klerk (330 189 ordinary shares) (1)	1 850	1 750
	155 830	**147 433**

Refer to note 7 for more details on the terms and conditions of the convertible loan payable to related parties. The amounts disclosed above represent the nominees portion in the carrying amount of the convertible loan recognised in accordance with the accounting for compound financial instruments in terms of IFRS.

(1) The number of ordinary shares indicated above represent the ordinary shares to be issued to the above related parties should the loan not be settled in cash but rather converted into ordinary shares.

	2019 R'000	2018 R'000
Profit-share cancellation liabilities owing to related parties		
GFJ Abrahams	3 240	6 000
JP de Klerk	2 376	3 050
RH Walton	31 423	192 150
AS Sure Investment Services (Pty) Ltd	826	765
	37 865	**201 965**

Refer to note 9.7 for more details on the terms and conditions of the profit-share cancellation liabilities payable to related parties. The balances disclosed as payable to RH Walton includes those accrued to him as a result of former participating partners and former employees forfeiting their rights to these amounts payable.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *(Continued)*

FOR THE YEAR ENDED 31 AUGUST 2019

	2019 R'000	2018 R'000
18.2 RELATED PARTY TRANSACTIONS		
Administration and support fees earned from related parties		
Rudiarius Capital Management (Pty) Ltd	160	138
Interest income earned on share-purchase scheme loans receivable from related parties		
H Weidhase	-	5
AT de Klerk	-	8
DD Roodt	-	12
R Barnard	-	8
	-	**33**
Interest expense charged on non-controlling interest loans payable to related parties		
DD Roodt	77	69
AH Ernst	47	42
	124	**111**
Interest expense charged on convertible loan payable to related parties		
Grondputs Beleggings (Pty) Ltd	2 618	-
GFJ Abrahams	83	-
JP de Klerk	32	-
	2 733	**-**
The amounts disclosed above represent the nominees portion of the interest accounted for in profit or loss on the convertible loan recognised in accordance with the accounting for compound financial instruments in terms of IFRS.		
Interest expense charged on profit-share cancellation liabilities payable to related parties		
RH Walton	2 619	-
GFJ Abrahams	249	-
JP de Klerk	182	-
AS Sure Investment Services (Pty) Ltd	61	-
	3 111	**-**

The interest expense incurred by the Group in respect of RH Walton includes interest on liabilities accruing to him as a result of former participating partners and former employees forfeiting their rights to these amounts payable.

	2019 R'000	2018 R'000
Asset consulting fees earned from related parties		
AS Sure Investment Services (Pty) Ltd	-	848
Asset management fees charged by related parties		
Rudiarius Capital Management (Pty) Ltd	7 739	9 807
AS Sure Investment Services (Pty) Ltd	9 377	9 465
	17 116	**19 272**
Dividend income earned from related parties		
Rudiarius Capital Management (Pty) Ltd	210	558
AS Sure Investment Services (Pty) Ltd	-	251
	210	**809**
Profit-share cancellation expense incurred in respect of related parties		
GFJ Abrahams	1 000	10 500
JP de Klerk	733	4 800
RH Walton	9 367	333 333
AS Sure Investment Services (Pty) Ltd	-	765
	11 100	**349 398**

The Group's subsidiary, Dinamika Fonds Bestuurders (Pty) Ltd which was acquired during the current year was a participating partner in the profit-share cancellation transaction of Boutique Collective Investments RF (Pty) Ltd. At 1 April 2019, when it became a subsidiary of the Group, it ceded the right to this incentive to its former shareholders.

For further detail on transactions with the directors and key management (including their families), refer to the Remuneration Report included in this Integrated Report (directors' and prescribed officers' emoluments). Except for the transactions disclosed in this note above and the Remuneration Report, there are no further transactions with the directors and key management.

19. SEGMENT ANALYSIS

The Group is organised into three main business segments (clusters):

FINANCIAL SERVICES

Included in this segment are Efficient Financial Services (Pty) Ltd, Efficient Wealth (Pty) Ltd, Efficient IDS (Pty) Ltd, Twist Street Securities (Pty) Ltd (Pty) Ltd, Stead Wealth Management (Pty) Ltd, Exceed Asset Management (Pty) Ltd, W Allen-White Brokers (Pty) Ltd and Secure Capital Investments (Pty) Ltd.

SOLUTIONS

Included in this segment are Naviga Solutions (Pty) Ltd, Select Manager (Pty) Ltd, Efficient Board of Executors (Pty) Ltd, Efficient Private Clients (Pty) Ltd and Efficient Benefit Consulting (Pty) Ltd and Dinamika Fonds Bestuurders (Pty) Ltd.

INVESTMENTS

Included in this segment are Efficient Select (Pty) Ltd, Boutique Collective Investments (RF) (Pty) Ltd, Boutique Investment Partners (Pty) Ltd, Instit (Pty) Ltd, Efficient Institutional Investment Managers (Pty) Ltd and Rudiarius Capital Management (Pty) Ltd.

	Financial Services	Solutions	Investments	Other	Total
	R'000	R'000	R'000	R'000	R'000
2019					
Financial performance					
Revenue	226 068	62 211	861 772	(76 679)	1 073 372
External	217 270	23 897	827 993	4 212	1 073 372
Inter-group	8 798	38 314	33 779	(80 891)	-
Variable expenses	(143 429)	(16 196)	(692 145)	76 627	(775 143)
Operating expenses, excluding depreciation and amortisation	(83 625)	(37 136)	(67 563)	7 350	(180 973)
Depreciation and amortisation	(3 068)	(2 940)	(432)	(11 813)	(18 253)
(Loss) profit on disposal of assets	(417)	-	-	2 151	1 734
Fair value adjustments	(6)	1 169	-	23	1 186
Loss on modification of convertible loan	-	-	-	(13 222)	(13 222)
Impairments, net of impairment reversals	-	(1 550)	-	(1 200)	(2 750)
Profit-share cancellation expense	-	-	(16 667)	-	(16 667)
Transaction costs on profit-share cancellation	-	-	(977)	9	(968)
Share of profits from investments in equity-accounted associates, net of taxation	-	-	223	27	250
Other non-operational income (expenses)	951	2 356	2 082	(3 260)	2 130
Finance income	1 857	634	4 006	260	6 757
Finance costs	(3 584)	(1 628)	(52 605)	15 938	(41 878)
Taxation	1 317	(1 517)	(10 279)	2 141	(8 338)
Net (loss) profit for the year	**(3 936)**	**5 403**	**27 415**	**(1 648)**	**27 234**
Financial position					
Assets	58 115	44 502	280 816	290 323	673 756
Liabilities	(65 068)	(30 105)	(539 208)	92 579	(541 802)
Net (liability) asset value	**(6 953)**	**14 397**	**(258 392)**	**382 902**	**131 954**

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	Financial Services	Solutions	Investments	Other	Total
	R'000	R'000	R'000	R'000	R'000
2018					
Financial performance					
Revenue	226 857	54 238	879 900	(77 489)	1 083 506
External	219 146	17 419	843 064	3 877	1 083 506
Inter-group	7 711	36 819	36 836	(81 366)	-
Variable expenses	(143 540)	(8 285)	(704 967)	78 231	(778 561)
Operating expenses, excluding depreciation and amortisation	(73 987)	(33 194)	(149 056)	11 592	(244 645)
Depreciation and amortisation	(2 755)	(2 877)	(448)	(11 103)	(17 183)
Profit (loss) on disposal of assets	2 030	-	-	(688)	1 342
Fair value adjustments	(27)	(2 130)	(147)	3 693	1 389
Loss on modification of convertible loan	(4 266)	-	-	(1 399)	(5 665)
Impairments, net of impairment reversals	-	(1 570)	-	900	(670)
Profit-share cancellation expense	-	-	(430 000)	-	(430 000)
Transaction costs on profit-share cancellation	-	-	(2 103)	(10 627)	(12 730)
Share of profits from investments in equity-accounted associates, net of taxation	-	-	587	326	913
Other non-operational income (expenses)	2 355	830	3 557	(5 707)	1 035
Finance income	1 680	817	4 492	134	7 123
Finance costs	(2 413)	(1 246)	(1 170)	(736)	(5 565)
Taxation	(552)	(2 893)	112 196	2 887	111 638
Net profit (loss) for the year	**5 382**	**3 690**	**(287 159)**	**(9 986)**	**(288 073)**
Financial position					
Assets	63 178	71 770	283 852	255 078	673 878
Liabilities	(61 405)	(27 721)	(570 240)	96 585	(562 781)
Net asset value	**1 773**	**44 049**	**(286 388)**	**351 663**	**111 097**

The Group's revenue per type and segment are as follows:	Financial Services	Solutions	Investments	Other	Total
	R'000	R'000	R'000	R'000	R'000
2019					
Asset management fees	-	786	17 202	(1 108)	16 880
Asset administration fees	-	-	814 718	(64 392)	750 326
Asset consulting fees	-	-	20 680	-	20 680
Financial services fees	226 068	75	-	(6 920)	219 223
Income from solutions	-	61 349	-	(5 563)	55 786
Interest income	-	-	6 774	-	6 774
Representative agreement fees	-	-	2 398	-	2 398
Rent and other revenue	-	-	-	1 305	1 305
	226 068	**62 210**	**861 7732**	**(76 678)**	**1 073 372**

	Financial Services	Solutions	Investments	Other	Total
	R'000	R'000	R'000	R'000	R'000
2018					
Asset management fees	-	1 429	19 217	-	20 646
Asset administration fees	-	-	827 933	(71 686)	756 247
Asset consulting fees	-	-	24 423	-	24 423
Financial services fees	226 840	-	-	(5 261)	221 579
Income from solutions	-	52 809	-	(2 214)	50 595
Interest income	-	-	6 063	-	6 063
Representative agreement fees	-	-	2 264	-	2 264
Rent and other revenue	17	-	-	1 672	1 689
	226 857	**54 238**	**879 900**	**(77 489)**	**1 083 506**

Included in the Group's revenue for the current year, is an amount of R1.065 billion in respect of contracts with customers; of which R1.018 billion was recognised over time and R47.68 million was recognised at a point in time.

Other consists of intergroup dividends, intergroup eliminations and consolidation entries, Efficient Group Ltd, Efficient Capital (Pty) Ltd, Efficient Group Central Services (Pty) Ltd, Efficient Equity (Pty) Ltd, the Efficient Group Share Trust, the Efficient Ulwazi Educational Trust and AS Sure Investment Services (Pty) Ltd.

There are varying levels of integration between the various operating segments whereby revenue is earned between entities from one operating segment from entities in other operating segments. Inter-segment pricing is determined based on terms similar to those provided to external parties.

All operations take place in Southern Africa. None of the Group's segments relies on concentrated or major clients.

20. EVENTS AFTER THE REPORTING DATE AND GOING CONCERN

The board approved the change of the Group's financial year end from August to June. The Group's financial statements for the following reporting period will be for the 10 months ending 30 June 2020.

The Group's current liabilities exceed its current assets at 31 August 2019 by R81.29 million (2018: R258.46 million).

On 25 September 2019, at a general meeting of the Company's shareholders, the Company approved the specific issue of 27 777 778 ordinary shares in the Company's authorised shares for issue to Apis Growth 12 Ltd at a price of R4.50 per share for an aggregate amount of R125 million. The proceeds from the issue of shares has been received by the Group on 30 October 2019. The Group will utilise R25 million of these proceeds to settle current liabilities included in the Group and Company's statement of financial position as at 31 August 2019. The remaining R100 million will be utilised to settle a portion of the capital amount on the convertible loan, which is currently classified as equity, as per note 7.

Management have reviewed the Group's liquidity position and note the following significant factors and conclusions reached:

+ The Group has generated profits for the current year amounting to R27.23 million;
+ The forecasts prepared for the year ahead indicate that the Group will remain profitable in the foreseeable future and will generate positive cash flows from operating activities;
+ The most significant portion of loans and borrowings amounting to R109.55 million due in the short-term, are due for repayment on a quarterly basis throughout the year ahead; and
+ The Group will utilise its cash generated from operations to settle current liabilities as they become due.

Based on the above facts, the directors are satisfied that the Group will realise its assets and settle their liabilities as they become due in the ordinary course of business and that the Group is a going concern. Accordingly, the financial statements have been prepared on the going concern basis.

Other than the above and as elsewhere disclosed in the financial statements, no significant events, occurred subsequent to the reporting date which requires adjustment or additional disclosure in the financial statements.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *(Continued)*

FOR THE YEAR ENDED 31 AUGUST 2019

21. STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED DURING THE YEAR

The following Standards, Amendments and Interpretations relevant to the Group became effective during the current year:

+ IFRS 15 Revenue from Contracts with Customers;
+ IFRS 9 Financial Instruments;
+ IFRIC 22 - Foreign Currency Transactions and Advance Consideration;
+ Classification and Measurement of Share-based Payment Transactions Amendments to IFRS 2; and
+ Annual Improvements to IFRS Standards 2014 - 2016 Cycle (Amendments to IFRS 1 First-time Adoption of IFRS's and IAS 28 Investments in Associates and Joint Ventures).

The adoption of the above Standards, Amendments and Interpretations did not impact amounts recognised in the financial statements on 31 August 2018, when they were adopted on 1 September 2018.

22. STANDARDS, AMENDMENTS AND INTERPRETATIONS IN ISSUE, NOT YET EFFECTIVE

The following Standards, Amendments and Interpretations relevant to the Group were in issue but not yet effective for the year ended 31 August 2019:

EFFECTIVE FOR THE YEAR COMMENCING 1 SEPTEMBER 2019

+ IFRS 16 Leases;
+ IFRIC 23 Uncertainty over Income Tax Treatments; and
+ Annual Improvements to IFRS Standards 2015 - 2017 Cycle (Various Standards).

EFFECTIVE FOR THE YEAR COMMENCING 1 JULY 2020

+ Amendments to References to Conceptual Framework in IFRS Standards;
+ Definition of a Business (Amendments to IFRS 3); and
+ Definition of Material (Amendments to IAS 1 and IAS 8).

All of the above, will be adopted at their respective effective dates. Based on the Group's assessment, other than IFRS 16 Leases; the other Standards, Amendments and Interpretations are not likely to have an impact on the Group's financial statements when they are adopted.

Based on the assessment performed, the Group will recognise right of use assets and lease liabilities on its statement of financial position of R6.51 million on 1 September 2019.

The impact of adopting IFRS 16 in the Group's subsequent financial statements for the period commencing 1 September 2019 is likely to be as follows in respect of the Group's leases as lessor:

	2020
	R'000
Statement of financial position	
Increase in right of use assets	3 789
Increase in net deferred tax assets	80
Increase in lease liabilities	(4 099)
Decrease in accumulated income	**(230)**
Statement of profit or loss and other comprehensive income	
Decrease in operating lease expenses	2 875
Increase in amortisation	(2 717)
Increase in finance costs	(468)
Increase in deferred tax expense	80
Decrease in profit for the year	**(230)**

CORPORATE INFORMATION

NON-EXECUTIVE DIRECTORS
Dr SF Booysen (Chair)*
LC Cele*
J Rosen*
B Ngonyama*
OJ Goosen
E Zeki
NL Smalle *(Appointed 25 September 2019)*
M Stefanel *(Appointed 25 September 2019)*
I Groenewald#
B Momoza#

(*) Independent; (#) Alternate

EXECUTIVE DIRECTORS
H Weidhase
AT De Klerk
DD Roodt
RH Walton

LEGAL ADVISOR
Adams and Adams Attorneys

AUDITORS
KPMG Incorporated

TRANSFER SECRETARIES
Link Market Services South Africa (Pty) Ltd

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