

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

20. NON-DISTRIBUTABLE RESERVES

	Share-based payment reserve R'000	Cash flow hedge accounting reserve R'000	Capital redemption reserve R'000	Foreign currency translation reserve R'000	Legal reserves and other R'000	Total R'000
Balance at 1 July 2014	376 856	(183)	3 919	29 402	16 421	426 415
Movement during the year, net of tax	16 098	77		62 449	(39)	78 585
Movement for the year	17 333	106		62 449	496	80 384
Tax effect of net movement on cash flow hedge and investment		(29)			(93)	(122)
Accelerated Mpho ea Bophelo Trust payment	(1 235)					(1 235)
Actuarial loss on post-retirement medical liability					(442)	(442)
Balance at 30 June 2015	392 954	(106)	3 919	91 851	16 382	505 000
Movement during the year, net of tax	12 578	(13 914)	–	118 291	6 558	123 513
Movement for the year	39 089	(19 325)		118 291	(700)	137 355
BMT	(1 724)					
Equity-settled	12 556					
Bophelo – one-off call option charge	20 821					
Bophelo – recurring charge	7 436					
Tax effect of net movement on cash flow hedge and investment		5 411			112	5 523
Accelerated Mpho ea Bophelo Trust payment	(26 511)					(26 511)
Actuarial loss on post-retirement medical liability					6 079	6 079
Profit on sale of shares					1 067	1 067
Balance at 30 June 2016	405 532	(14 020)	3 919	210 142	22 940	628 513
Split as follows:						
– Continuing operations	405 532	(14 020)	3 919	61 479	26 605	483 515
– Discontinued operation	–	–	–	148 663	(3 665)	144 998
	405 532	(14 020)	3 919	210 142	22 940	628 513

Share-based payment reserve

The share-based payment reserve represents the accumulated charge for share options in terms of IFRS 2. The share option plans are equity-settled and include an ordinary equity scheme and the BEE schemes. During the year there was an accelerated payment made to employees in terms of the Bophelo scheme. Refer to Annexure B.

Cash flow hedge accounting reserve

The cash flow hedge accounting reserve comprises the portion of the cumulative net change in the fair value of derivatives designated as effective cash flow hedging relationships where the hedged item has not yet affected inventory and ultimately cost of sales in the statement of comprehensive income.

20. NON-DISTRIBUTABLE RESERVES (continued)

Capital redemption reserve

The capital redemption reserve was created as a result of revaluation of shares in subsidiaries.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Legal reserves and other

This represents:

- an unutilised merger reserve when Premier Pharmaceuticals and Adcock Ingram merged;
- share issue expenses incurred by Adcock Ingram Healthcare Private Limited (India);
- actuarial losses on the Group's post-retirement medical liability; and
- a fair value adjustment on the Group's investment in Group Risk Holdings Proprietary Limited (refer to note 13.2).

	2016 R'000	2015 R'000
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21. LONG-TERM BORROWINGS

Unsecured

C&F Agency – India ⁽¹⁾	–	4 989
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Secured

Nedbank ⁽²⁾	500 000	500 000
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Stannic – Critical Care Owner Driver Companies ⁽³⁾	–	11 398
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Stanbic – Ghana ⁽⁴⁾	–	10 639
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	500 000	527 026
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Less: Current portion included in short-term borrowings	–	(13 273)
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	500 000	513 753
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⁽¹⁾ These unsecured loans bear interest at rates varying between 7.5% and 9.0% per annum and are repayable upon termination of C&F Agency contracts in India.

⁽²⁾ A secured loan, bearing interest at JIBAR* plus 176 basis points. Interest is payable quarterly in arrears and the capital is due for repayment in December 2018. During the prior year a voluntary repayment of R500 million was made out of surplus cash resources. The shares in wholly-owned South African companies in the Group are pledged as security for this loan. Financial covenants, including a Net debt: EBITDA ratio and interest cover ratio are applicable over this loan and have been complied with during the year.

⁽³⁾ These secured loans incurred interest at 60 basis points below the Prime lending rate** and were repayable over a period of 60 months, but were settled in April 2016. The Group preferred to provide direct assistance to the Critical Care owner drivers in order to qualify for additional Enterprise and Supply Development spend for BBBEE.

⁽⁴⁾ This secured loan bears interest at the Stanbic Bank Base Rate (***) + 400 basis points and is repayable within 12 months.

Property, plant and equipment were pledged as security for this loan. Refer to note 10.

Loans (1) and (4) have been transferred to assets held-for sale during the current year. Refer to note 2.2.

* JIBAR – Johannesburg Interbank Agreed Rate. On 30 June 2016: 7.30% (2015: 6.133%)

** Prime lending rate on 30 June 2016: 10.50% (2015: 9.25%)

*** Stanbic Bank Base Rate (Ghana) on 30 June 2016: 23.07% (2015: 25.10%)