AVIOR CAPITAL MARKETS HOLDINGS LIMITED
(Registration number 2015/08658/06)

Consolidated Annual Financial Statements
for the year ended 30 April 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Holding company for Avior Capital Markets (Pty) Limited which trades as a provider of financial services and other directly and indirectly related services as a member of the JSE Limited.
Directors	Koutromanos P Mattison KS Larsen J Ramplin M Price SD Mokgatlha TV
Registered office	11th Floor South Tower 140 West Street Sandton 2196
Postal address	PO Box 651856 Benmore 2010
Holding company	Avior Capital Markets Holdings Limited incorporated in South Africa
Bankers	Standard Bank Limited
Auditors	BDO South Africa Incorporated Chartered Accountants (S.A.) Registered Auditors
Secretary	Fusion Corporate Secretarial Services (Pty) Limited
Level of assurance	These consolidated financial statements were audited as required by the Company's Memorandum of Incorporation and Section 30(2)(a) of the Companies Act of South Africa.
Preparer	The consolidated annual financial statements were independently compiled by Northplan Chartered Accountants Incorporated under the supervision of the Group Finance Director, Justin Larsen CA (SA).
Issued	27 July 2018

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group’s cash flow forecast for the next 12 months from date of approval and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's consolidated financial statements. The consolidated financial statements have been audited by the Group's external auditors and their report is presented on page 9 to 12.

The consolidated financial statements set out on page 13 to 55, which have been prepared on the going concern basis, were approved by the board on 23 July 2018 and were signed on their behalf by:

Peter Koutromanos	**Justin Larsen**
Chief Executive Officer	**Finance Director**

Certificate by the Group Secretary

I declare that, to the best of my knowledge, the Group has filed all such returns and notices as are required of a public company in terms of the Companies Act of South Africa, and that all such returns and notices are true, correct and up to date.

Fusion Corporate Secretarial Services (Pty) Limited
Group Secretary

Directors' Report

The directors have the pleasure in submitting their report on the consolidated annual financial statements of Avior Capital Markets Holdings Limited for the year ended 30 April 2018. These consolidated annual financial statements were independently audited by the Group's auditors, BDO South Africa Incorporated.

1. Nature of business

Avior Capital Markets Holdings Limited was incorporated in South Africa as a provider of financial services which includes stock broking (i.e. equities, derivatives and fixed income), research, corporate broking as a member of the JSE Limited. The Group operates in three key regions being South Africa, Frontier markets (i.e. Africa and Middle East) and the United Kingdom.

There have been no material changes to the nature of the Group's business from the prior year.

2. Review of financial results and activities

The Group recorded a net profit after tax for the year ended 30 April 2018 of R 4,368,220. This represented a decrease of 84% from the net profit after tax of the prior year of R26,793,947.

Group revenue increased by 5% from R168,529,868 in the prior year to R176,992,142 for the year ended 30 April 2018.

Group cash flows from operating activities decreased by 35% from R20,425,514 in the prior year to R14,021,674 for the year ended 30 April 2018.

3. Share capital

	2018	2017
Authorised	Number of shares	
Ordinary shares	400,000,000	400,000,000

	2018	2017	2018	2017
Issued	R	R	Number of shares	
Ordinary shares	8,647,754	14,146	146,285,100	141,457,900

At the start of the financial year under review, Avior Capital Markets (Pty) Limited was the holding company of the Group.

To facilitate the listing of the Group on the JSE’s Alternative Exchange (AltX), a new holding company, Avior Capital Markets Holdings Limited was formed with the ownership of the Group’s subsidiaries transferred to this entity with the exception of Groombridge Nominees (Pty) Limited (S.A).

To ensure that Avior Capital Markets Holdings Limited had the minimum number of public shareholders upon listing, a private placement of shares in Avior Capital Markets (Pty) Limited was offered to select investors prior to the Group listing. As a result, the company issued 57 558 Class B ordinary shares at a price of R150 on 18 May 2017.

Upon listing of the Group on the JSE’s AltX on 6 June 2017, a share exchange agreement came into effect, in terms of which each shareholder of Avior Capital Markets (Pty) Limited was granted 100 shares in Avior Capital Markets Holdings Limited for every share held. Avior Capital Markets (Pty) Limited became a wholly owned subsidiary of Avior Capital Markets Holdings Limited.

The number of shares at 30 April 2017 is not the actual number of the shares in issue at the time. It has been adjusted in line with the increased number of shares (at a 100:1 ratio) as per the listing to provide a comparable number. The Class A and Class B ordinary share categories were also collapsed into a single ordinary share category upon listing. Consequently, the earnings per share and headline earning per share were updated accordingly for comparison purposes.

4. Authority to buy back shares

At the last AGM held on 06 April 2017, shareholders gave the directors a general approval in terms of section 48 of the Companies Act of South Africa, by way of special resolution, for the acquisition of its own shares. As this general approval remains valid only until the next AGM is held, the shareholders will be asked at that meeting to consider a special resolution to renew this general authority until the next AGM.

927 500 shares were repurchased on 05 May 2017 at an average price of R0.96 per share during the current year in terms of this general authority. This event took place prior to Avior Capital Markets Holdings Limited's listing on the JSE's Alternative Exchange (“AltX”) and the share exchange transaction on 06 June 2017.

5. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act of South Africa. As this general authority remains valid only until the next AGM, the shareholders will be asked at that meeting to consider a special resolution to renew the general authority until the next AGM.

6. Dividends

The Group's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass on the payment of dividends.

Given the current state of the global economic environment, the board believes that it would be more appropriate for the Group to conserve cash and maintain adequate debt headroom to ensure that the Group is best placed to withstand any prolonged adverse economic conditions. Therefore, the board has resolved not to declare a dividend for the financial year ended 30 April 2018.

7. Directorate

The directors in office at the date of this report are as follows, including those that resigned during the current period:

Directors	**Designation**	**Changes**
Koutromanos P	Executive	
Mattison KS	Executive	
Larsen J	Executive	Appointed 30 December 2017
Tilly N	Executive	Resigned 29 December 2017
Matloa OM	Non-executive Independent	Resigned 18 May 2018
Masilela E	Non-executive Independent	Resigned 18 May 2018
Ramplin M	Non-executive Independent	
Collier MD	Non-executive Independent	Resigned 21 July 2017
Price SD	Non-executive Independent	Appointed 14 May 2018
Mokgatlha TV	Non-executive Independent	Appointed 06 June 2018

8. Directors' interests in shares

Interests in shares

Directors	2018 **Direct**	2017 **Direct**	2018 **Indirect**	2017 **Indirect**
Koutromanos P	-	-	87,228,364	85,898,200
Mattison KS	46,420,593	45,758,400	-	-
	46,420,593	**45,758,400**	**87,228,364**	**85,898,200**

9. Interests in subsidiaries and joint ventures

The following subsidiaries and joint ventures contributed towards profit or loss for the period:

Avior Capital Markets (Pty) Limited (SA)	R511 201
Avior Capital Markets International Limited (UK)	R4 581 856
Avior Wealth Services (Pty) Limited previously named Avior ETF Funds (Pty) Limited	(R241 169)
A-Trade (Pty) Limited	(R50 000)
Avior Capital Investments (RF) (Pty) Limited	R16 330

10. Events after the reporting period

Refer to note 38.

11. Going concern

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group in the near future.

12. Auditors

BDO South Africa Incorporated was appointed as Group auditors for the 2018 financial year.

PKF (vga) Chartered Accountants (“PKF”) resigned as the Group’s external auditors with effect from 7 February 2018. The resignation of PKF was pursuant to the board of directors communicating that the Group was considering changing its external auditors. PKF also indicated in its resignation correspondence that, due to an internal reorganisation within PKF, it was unable to devote sufficient time to the affairs of the Group.

13. Secretary

The Group's secretary is Fusion Corporate Secretarial Services (Pty) Limited.

Audit and Risk Committee Report

The Audit and Risk Committee ("the Committee") is an independent statutory committee appointed by the board of directors in terms of section 94 of the Companies Act of South Africa ("the Companies Act"). The Committee also acts as the statutory audit committee of Avior Capital Markets' wholly-owned subsidiaries that are legally required to have such a committee.

The Committee operates in terms of a board-approved charter. It conducted its affairs in compliance with, and discharged its responsibilities in terms of, its charter for the year ended 30 April 2018.

The Committee performed the following duties in respect of the year under review:

- Satisfied itself that the external auditor is independent of Avior Capital Markets Holdings Limited, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Limited Listings Requirements;
- Ensured that the appointment of the external auditor complied with the Companies Act;
- In consultation with management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2018 financial year;
- Approved the nature and extent of non-audit services that the external auditor may provide;
- Nominated for re-election at the annual general meeting, BDO South Africa Incorporated as the external audit firm;
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that the system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements;
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that Avior Capital Markets Holdings Limited be regarded as a going concern;
- Reviewed the formal policy for and calculation of Avior Capital Markets Holdings Limited's ordinary dividend and confirmed that no dividends were declared;
- Reviewed the accounting policies and consolidated financial statements for the year ended 30 April 2018 and, based on the information provided to the Committee, considers that the company and group complies, in all material respects, with the requirements of International Financial Reporting Standards; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the manner required by the Companies Act; and the JSE Limited Listings Requirements; and
- Satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Limited Listings Requirements that the group Financial Director, as well as the group finance function, has the appropriate expertise and experience.
- BDO South Africa Incorporated has served as external auditor of Avior Capital Markets Holdings Limited since 29 March 2018.

Thabo Mokgatlha
Chairman of the Audit and Risk Committee

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Independent Auditor's Report

To the shareholders of Avior Capital Markets Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Avior Capital Markets Holdings Limited and its subsidiaries (the group) set out on pages 13 to 55, which comprise the consolidated statement of financial position as at 30 April 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in funds and reserves and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of the group as at 30 April 2018, and its financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the group for the year ended 30 April 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 28 July 2017.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Employee Share Scheme	
Key Audit Matter	***Audit Response***
Refer also to Note 24 (page 40) The Group operates an Employee Share Scheme. Accounting for the scheme is based on contractual arrangements and approved remuneration policies implemented within the Group. The share scheme was subject to amendment during the reporting period necessitated by the listing of the Holding company on the Alt-X.	Our audit procedures included, amongst others: • Evaluated the amendments to the contract for the rights and obligations of the parties; • Utilised our technical accounting department to review the historical and future accounting treatment of the share scheme in terms of IFRS 2: Share-based payment ;

Employee Share Scheme (Continued) The shares held originally by the participants in the main trading subsidiary were exchanged for shares in the newly listed Holding company. The restructuring of the group, listing of the holding company and the related changes in the share scheme resulted in significant work being performed on the Share scheme. Due to the complexity of the accounting treatment and the significant work effort required by the audit team the employee share scheme is considered a key audit matter.	• Assessed the commercial substance of the share scheme and the related share loans; • Agreed the final shareholding of the participants to the company's share registers and re-performed the calculation for the conversion of • the shares and compared to results from managements calculation; • Considered the share loans for impairment with reference to the value of the underlying shares pledged as security; and • Confirmed outstanding balances of the share loans with individual employees at year-end.

2. Revenue Recognition	
Key Audit Matter	***Audit Response***
Refer also to Note 4 (page 27) The current market conditions and the significant volumes of revenue transactions during the year increases the risk of inappropriate revenue recognition. There is a risk that revenue is not recognised in accordance with the stated accounting policies and pricing mandates, or that income is recognised in a period to which it does not relate. The diversity of the Group's activities results in a number of different revenue streams. In brokering and derivative trading, the high volume of transactions relies on a highly automated environment. The extent of audit effort to obtain audit evidence regarding the accuracy, completeness and occurrence of the various revenue streams, and test the automated environments, which initiate and recognise revenue, result in a key audit matter.	Our audit procedures included, amongst others: • Determined whether the accounting treatment for all the significant revenue streams were in accordance with the relevant accounting standards; • Determined the impact of the new revenue standard (IFRS 15) on revenue recognition effective for the next reporting period • Used our information technology audit specialists to evaluate the general control environment and impact of service providers on the systems which initiate and recognise revenue; • Assessed and considered appropriate to place reliance on the controls operating at service organisations over the trading and Broker Deal Administration system ("BDA system"); • Tested key controls relating to brokerage fees for operating effectiveness throughout the financial reporting period, including whether key reconciliations were performed • Agreed the brokerage revenue to the JSE BDA system reports and tested substantively a sample of trades to supporting documents including trade instructions, mandates, contract notes, statements, client confirmations and receipts of fees to bank statements. • Accuracy of brokerage charges was tested by agreeing to client mandates and recalculating fees charged on a sample basis; • Evaluated the remaining revenue streams for accuracy, completeness and occurrence with reference to supporting documents for initiating the transactions, recording of the transactions as well as receipt of the revenue on a sample basis; • Information Technology audit specialist performed reconciliations between the revenue per the BDA system and the accounting system for the revenue transactional database to ensure the accounting records are complete; and • Verified the appropriate cut-off of revenues at year-end by testing a sample of transactions before and after year-end.

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Revenue Recognition (Continued)	• Used data analytics tool to test manual adjustments to revenue for appropriateness and commercial substance

3. Recognition of Deferred Tax Asset - United Kingdom	
Key Audit Matter	***Audit Response***
Refer also to Note 15 (page 37) The group carries significant deferred tax assets, only to the extent that it is probable that future taxable profits will be available to utilise all or part of the asset in future. When considering the availability of future taxable profits, judgement is applied by management when assessing the projections of the future taxable income which are based on approved business plan and cash flow projections. Due to the significant estimation and judgement involved by management and the work effort from the audit team, this matter was considered to be a key audit matter.	Our audit procedures included, amongst others: • Involving our tax specialists to evaluate the recognition and measurement of the deferred tax asset by analysing the deferred • Tax calculation for compliance with the relevant tax legislation. • Evaluating management's assessment of the estimated manner in which the temporary differences, including the recoverability of the deferred tax assets, would be realised by agreeing to cash flow forecasts, business plans, and our knowledge of the business, including assessing company performance against previous forecasts. • Challenging the assumptions made by management for uncertain deferred tax positions to assess whether appropriate deferred tax provisions have been recognised and are based on the most probable outcome.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Avior Capital Markets Holdings Limited for 1 year.

BDO South Africa Inc.

BDO South Africa Incorporated
Director: Daniel Botha
Registered Auditor

27 July 2018

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Statement of Profit or Loss and Other Comprehensive Income

	Notes	2018	2017
Operating revenue	4	176,992,142	168,529,868
Other income	5	4,155,747	1,731,653
Total revenue		**181,147,889**	**170,261,521**
Operating expenses	6	(168,667,133)	(150,276,536)
Profit from operations		**12,480,756**	**19,984,985**
Net interest received		415,137	2,331,215
Investment income	7	2,390,135	3,209,026
Finance costs	8	(1,974,998)	(877,812)
Foreign exchange losses for the year		(5,358,769)	(1,822,583)
Share of loss in equity-accounted investee	9	(50,000)	
Profit before taxation		**7,487,124**	**20,493,617**
Income tax expense	10	(3,118,904)	6,300,330
Profit for the year		**4,368,220**	**26,793,947**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operation		(676,512)	(6,194,822)
Other comprehensive income for the year net of taxation		**(676,512)**	**(6,194,822)**
Total comprehensive (loss) income for the year		**3,691,708**	**20,599,125**
Basic and diluted earnings per share (cents)	11	2.99	15.78

Statement of Financial Position as at 30 April 2018

	Notes	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	13	9,366,046	3,614,651
Intangible assets	14	667,945	419,454
Loans to directors, managers and employees	17	1,508,364	-
Deferred tax	15	14,371,676	16,874,345
Loan receivable	16	579,138	750,000
		26,493,169	**21,658,450**
Current Assets			
Loans to directors, managers and employees	17	797,516	2,946,505
Margin and collateral accounts	18	11,027,981	8,574,583
Trade and other receivables	19	8,945,038	5,519,447
Financial assets held for trading	20	47,946	3,064,864
Current tax receivable		2,641,773	1,102,971
Amounts receivable in respect of stock broking activities	21	373,499,993	46,973,900
Cash and cash equivalents	22	71,710,133	63,435,808
		468,670,380	**131,618,078**
Total Assets		**495,163,549**	**153,276,528**
Equity and Liabilities			
Equity			
Share capital	23	8,647,754	14,146
Reserves		(6,237,638)	(5,561,126)
Retained income		83,103,262	79,617,120
		85,513,378	**74,070,140**
Liabilities			
Non-Current Liabilities			
Loans from related parties	25	13,000,251	13,000,251
Current Liabilities			
Amounts payable in respect of stock broking activities	26	374,744,959	41,589,998
Current tax payable		268,327	4,299
Financial liabilities held for trading	27	555,191	2,668,353
Loans from related parties	25	128,222	97,235
Operating lease liability		452,732	377,374
Trade and other payables	28	20,500,489	21,468,878
		396,649,920	**66,206,137**
Total Liabilities		**409,650,171**	**79,206,388**
Total Equity and Liabilities		**495,163,549**	**153,276,528**

Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	Total reserves	Retained income	Total equity
Balance at 01 May 2016	**17,216**	**633,706**	**633,706**	**82,026,604**	**82,677,526**
Profit for the year	-	-	-	26,793,947	26,793,947
Other comprehensive income	-	(6,194,832)	(6,194,832)	-	(6,194,832)
Total comprehensive income for the year	**-**	**(6,194,832)**	**(6,194,832)**	**26,793,947**	**20,599,115**
Purchase of own shares	(3,070)	-	-	(29,203,431)	(29,206,501)
Total contributions by and distributions to owners of Group recognised directly in equity	**(3,070)**	**-**	**-**	**(29,203,431)**	**(29,206,501)**
Balance at 01 May 2017	**14,146**	**(5,561,126)**	**(5,561,126)**	**79,617,120**	**74,070,140**
Profit for the year	-	-	-	4,368,220	4,368,220
Other comprehensive income	-	(676,512)	(676,512)	-	(676,512)
Total comprehensive income for the year	**-**	**(676,512)**	**(676,512)**	**4,368,220**	**3,691,708**
Issue of shares	8,633,700	-	-	-	8,633,700
Purchase of own shares	(92)	-	-	(882,078)	(882,170)
Total contributions by and distributions to owners of Group recognised directly in equity	**8,633,608**	**-**	**-**	**(882,078)**	**7,751,530**
Balance at 30 April 2018	**8,647,754**	**(6,237,638)**	**(6,237,638)**	**83,103,262**	**85,513,378**
Note	23				

Statement of Cash Flows

	Notes	2018	2017
Cash flows from operating activities			
Cash generated from operations	29	15,591,461	21,005,009
Investment income		2,191,252	2,779,406
Dividend income		49	34,149
Finance costs		(1,944,011)	(757,985)
Tax paid	30	(1,817,077)	(2,635,065)
Net cash from operating activities		**14,021,674**	**20,425,514**
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(7,929,099)	(1,813,348)
Proceeds on disposal of property, plant and equipment		70,976	-
Acquisition of intangible assets	14	(414,997)	(338,775)
Loans advanced to directors and employees		(845,915)	-
Receipts from loans to directors and employees		967,508	-
Proceeds on disposal of financial assets held for trading		3,012,771	-
Repayment of financial liabilities held for trading		(2,113,162)	-
Loan advanced to equity-accounted investee		(310,000)	-
Acquisition of equity-accounted investee		(500,000)	-
Net cash from investing activities		**(8,061,918)**	**(2,152,123)**
Cash flows from financing activities			
Share issue	23	8,633,700	-
Repurchase of shares	23	(212,040)	(29,025,554)
Proceeds from loans from related parties		-	13,000,251
Net cash from financing activities		**8,421,660**	**(16,025,303)**
Total cash movement for the year		**14,381,416**	**2,248,088**
Cash at the beginning of the year		63,435,808	59,904,723
Effect of exchange rate movement on cash balances		(6,107,091)	1,282,997
Total cash at end of the year	22	**71,710,133**	**63,435,808**

Accounting Policies

Corporate information

Avior Capital Markets Holdings Limited is a public company incorporated and domiciled in South Africa.

The consolidated financial statements for the year ended 30 April 2018 were authorised for issue in accordance with a resolution of the board on 23 July 2018.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

1.1 Basis of preparation

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, the Johannesburg Stock Exchange ("JSE") Listings Requirements, the requirements of the South African Companies Act and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council. The consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

They are presented in the South African Rand which is also the functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated financial statements. Significant judgements include:

Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recognised in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of the legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax recognised in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recognised at the reporting date could be impacted.

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Accounting Policies

1.3 Principles of consolidation

Subsidiaries are entities, including unincorporated entities, controlled by the Group. The Group controls an entity when it has power over and is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated from the date on which the Group acquires control up to the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation.

1.4 Equity accounted investees

Equity accounted investees include investments in joint ventures. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. Equity accounting involves recognising the investment initially at cost, including goodwill, and subsequently adjusting the carrying value for the Group's share of equity accounted investees profit or loss and other comprehensive income recognised in the statement of comprehensive income. When the Group's share of losses exceeds its interest in an associate/joint venture, the carrying amount of the associate/joint venture, including any long-term investments, is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate/joint venture.

Unrealised gains and losses arising from intercompany transactions are eliminated in determining the Group's share of equity accounted profits. Unrealised losses are eliminated to the extent that there is no evidence of impairment.

Refer to note 33.7 for further detail regarding the joint venture, A-trade (Pty) Limited. No IFRS 12 note disclosure was provided given the joint venture was not considered material to the Group.

1.5 Revenue

Commission revenue, in the capacity as an agent, relating to stock broking activities is recognised when all the following conditions are satisfied:

- The service rendered has been completed relating to a specific transaction.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Group.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue relating to research, corporate broking and other advisory fees is recognised when all the following conditions have been satisfied:

- The service rendered has been completed.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Group; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest method.

Dividends are recognised, in profit or loss, when the Group's right to receive payment has been established.

1.6 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is rendered.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Accounting Policies

1.6 Employee benefits (continued)

Post-retirement benefits

The Group contributes to a defined contribution plan based on a percentage of pensionable earnings funded by employees. The plan is held in separate trustee administered funds. Contributions to the plan are recognised in profit or loss in the period in which they become payable.

The contributions are expensed as the related services are provided. The Group does not operate a defined benefit plan.

1.7 Tax

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- A transaction or event which is recognised, in the same or a different period, to other comprehensive income.
- A business combination.

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

Deferred tax assets and liabilities

Deferred tax is recognised for all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except to the extent that deferred tax arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax assets and liabilities are offset if the entity has a legally enforceable right to offset current tax liabilities and assets, and the deferred tax liabilities and assets relate to income tax levied by the same tax authority on the same taxable entity.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the profitability forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Group in order to utilise the deferred tax assets.

1.8 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in South African Rand which is the Group’s presentation currency.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and liabilities, measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the foreign exchange rates at the dates the fair value was determined.

1.8 Translation of foreign currencies (continued)

Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

- Assets and liabilities are translated at the foreign exchange rate ruling at the financial year-end date.
- Income and expenses are translated at average exchange rates for the year, to the extent that such average rates approximate rates ruling at the dates of the transactions.

Exchange differences arising on the translation are recognised directly in a separate component of other comprehensive income and presented in equity (foreign currency translation reserve). When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

1.9 Property, plant and equipment

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition of the asset.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Depreciation is recognised in profit or loss.

The useful lives of items of property, plant and equipment were assessed as follows:

Item	Depreciation method	Average useful life
Computer equipment	Straight line	3 - 7 years
Computer software	Straight line	5 years (2017: 2 years)
Furniture and fixtures	Straight line	7 years (2017: 6 years)
Leasehold improvements	Straight line	Remainder of lease term
Motor vehicles	Straight line	3 years
Office equipment	Straight line	7 years (2017: 6 years)

The residual value, useful life and depreciation method of each asset are reviewed at each reporting date. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Any gain or loss on derecognition of an item of property, plant and equipment is recognised in profit or loss.

1.10 Intangible assets

Intangible assets that are acquired by the entity, which have finite useful lives, are recognised initially at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits of the asset to which it relates.

The useful lives, amortisation method and residual lives for intangible assets are reviewed at each reporting date.

Amortisation is calculated to write down the intangible assets, on a straight line basis over their estimated useful lives as follows:

Item	Useful life
Avior research and customer platform	5 years

1.11 Impairment of assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss and is recognised in profit or loss.

Accounting Policies

1.11 Impairment of assets (continued)

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.12 Financial instruments

Classification

The Group classifies its financial instruments in the following categories: loans and receivables, financial liabilities at amortised cost, financial liabilities and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates such designations when circumstances indicate that reclassification is permitted.

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

Transaction costs on financial instruments at fair value through profit or loss are expensed immediately.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in profit or loss.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the statement of financial position when and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled, expires or when a substantial modification of the terms occur.

Accounting Policies

1.12 Financial instruments (continued)

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

Financial instruments designated as at fair value through profit or loss

Financial instruments at fair value through profit or loss include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition and comprise of:

- Stock accounts (typically relates to proprietary traded equity instruments)

Loans and receivables

Financial assets, other than those at fair value through profit and loss, are classified in this category. The following are included in this category:

- Amounts receivable in respect of stock broking activities
- Trade and other receivables
- Loans receivable
- Cash and cash equivalents

Financial liabilities at amortised cost

Financial liabilities, other than those at fair value through profit and loss, are classified in this category. The following are included in this category:

- Trade and other payables
- Bank overdraft and borrowings
- Amounts payable in respect of stock broking activities
- Loans payable

Fair value

In accordance with IFRS, the Group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value, being the price that would, respectively, be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date.

Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions.

When determining fair value it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. Information obtained from the valuation of financial instruments is used to assess the performance of the Group and, in particular, provides assurance that the risk and return measures that the Group has taken are accurate and complete.

The fair value of financial instruments held by the Group represents prices quoted in an active market: The existence of quoted prices in an active market represents the best evidence of fair value. Where such prices exist, they are used in determining the fair value of financial assets and financial liabilities.

Accounting Policies

1.12 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits with maturities of three months or less from the acquisition date. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in fair value. Cash and cash equivalents are measured at amortised cost which approximates fair value.

Interest income from funds invested in loans and receivables is recognised as it accrues in profit or loss using the effective interest method.

Finance costs comprises interest expense on borrowings and are recognised in profit or loss using the effective interest method.

Collateral

Generally, no collateral is held in respect of recognised financial assets.

1.13 Share capital and reserves

Share capital

Shares issued by the Group are recognised at the value of the proceeds received less external costs directly attributable to the issue of shares. All transactions relating to the acquisition and sale or issue of shares in the Group, together with their associated costs, are accounted for in equity.

Share repurchases

Own equity instruments of the Group which are acquired by it or by any of its subsidiaries are deducted from equity. Consideration paid or received on the purchase, sale, issue or cancellation of the Group's own equity instruments is recognised directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

1.14 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The Group has not entered into any finance leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.15 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

1.16 Segment reporting

Operating segments were identified using the management approach as required by IFRS 8, in terms of which segment classification is determined according to the basis on which management and the Board review the operating results.

2. Change in accounting estimate

A change in the measurement basis applied is a change in an accounting policy, and is not a change in an accounting estimate. The effect of a change in an accounting estimate shall be recognised prospectively by including it in profit or loss in:
- The period of the change, if the change affects that period only.
- The period of the change and future periods, if the change affects both.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IAS 7: Disclosure initiative	01 January 2017	No material disclosure impact to the consolidated financial statements.
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017	No material disclosure impact to the consolidated financial statements.

3.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which are mandatory for the Group's accounting periods beginning on or after 01 May 2018 or later periods:

IFRS 9 Financial Instruments

A final version of IFRS 9 was issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition:
- IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and its cash flow characteristics. A new business model was introduced which allows certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances.
- The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.
- The new standard introduces a single "Expected Credit Loss" impairment model for the measurement of financial assets.
- IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements.
- IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.

Measurement

Given the instruments employed by the Group, the directors have assessed the impact and do not anticipate a material impact.

Impairment

In general, the introduction of the expected credit loss impairment model is not anticipated to have a material impact on the financial statements given:
- Trading operations typically operate on a cash basis (e.g. T+3 settlement model).
- Avior Capital Markets Holdings Limited has a very low history of bad debts.
- Avior Capital Markets Holdings Limited's client base are typically institutional investors or listed corporates, with strong credit ratings.

Notes to the Consolidated Annual Financial Statements

IFRS 9 Financial Instruments (continued)

Hedge accounting

Avior Capital Markets Holdings Limited does not undertake any proprietary hedge accounting activities.

From time-to-time Avior Capital Markets Holdings Limited does engage in proprietary pairs trading. These are however not designated as hedges and no pairs positon were taken at the reporting date (i.e. 30 April 2018).

The effective date of the standard is for years beginning on or after 01 January 2018. The expected implementation date of the standard is the 2019 financial year.

IFRS 15 Revenue from Contracts with Customers

The new standard requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five-step methodology (detailed below) that is required to be applied to all contracts with customers.

The new standard also results in enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements.

The Standard proposes a new five step model for the evaluation of revenue recognition:
- Identify contract with customer
- Identify performance obligations
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognise revenue when performance obligations are satisfied

The Group evaluated the following revenue contract types against the five-step model:
- General brokerage commissions
- Soft brokerage agreements
- Commission sharing agreements
- Advisory service fees
- Non-brokerage related fees

The directors have assessed the impact and do not anticipate a material impact.

The effective date of the standard is for years beginning on or after 01 January 2018. The expected implementation date of the standard is the 2019 financial year.

IFRS 16 Leases

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

The effective date of the standard is for years beginning on or after 01 January 2019. The expected implementation date of the standard is the 2020 financial year.

The directors have assessed the impact of the implementation of IFRS 16 and have determined that it would have the following material impact as at 30 April 2020 (i.e. initial application of the standard) on the financial statements:

Notes to the Consolidated Annual Financial Statements

IFRS 16 Leases (continued)

Statement of Financial Position	**R**
Assets	
Right of use of asset	23,030,091
Accumulated depreciation	(7,950,865)
	15,079,226
Liabilities	
Lease liability	
Opening balance	21,092,352
Lease payments	(4,414,485)
Finance costs	2,462,816
Closing balance	**19,140,683**
Statement of Comprehensive Income	
Operating expenses	
Depreciation - right of use of asset	3,290,013
Financing cost	
Lease liability - finance costs	2,462,816
	5,752,829

For comparison purposes, using the current accounting standard IAS 17, Leases, the statement of comprehensive income impact on the implementation date would be R5 042 189.

Statement of Cash Flows	
Cash payments for the lease liability	1,951,670
Cash payments for the interest portion	2,462,816
	4,414,486

Notes to the Consolidated Annual Financial Statements

	2018	2017

4. Operating revenue

Brokerage and trading income (Refer to 4.1 below)	159,262,353	148,782,837
Corporate broking	3,413,514	2,482,785
Private wealth	1,326,815	917,371
Research services	12,989,460	16,346,875
	176,992,142	**168,529,868**

4.1 Brokerage and trading income:

Basic brokerage	116,274,488	128,747,835
Derivatives income	37,256,894	16,960,314
Bonds income	5,730,971	3,074,688
	159,262,353	**148,782,837**

5. Other income

Bad debts recovered	240,000	4,700
JSE Trustee fee	430,638	101,258
Management fees	483,587	19,266
Rental income	471,468	464,244
Insurance refund	18,011	-
Dividends received	49	34,149
Profit on sale of property, plant and equipment	-	182,936
Sundry income	446,849	668,635
Realised gain:		
Financial instruments at fair value through profit or loss	2,069,292	245,434
Fair value adjustments		
Financial instruments at fair value through profit or loss	(4,147)	11,031
	4,155,747	**1,731,653**

6. Operating expenses

Employee benefits (Refer to 6.1 below)	106,775,691	92,314,004
Membership fees and software licenses	20,630,560	22,582,114
Impairment of trade receivables	1,351,142	-
Professional services (Refer to 6.2 below)	9,092,979	6,383,743
Operating lease expense	6,710,228	6,099,703
Depreciation and amortisation	1,733,574	1,957,288
Admin expenses	22,372,959	20,939,684
	168,667,133	**150,276,536**

6.1 Employee benefits

Salaries and contributions	77,058,912	67,250,889
Directors emoluments (Refer to 6.1.1 below)	19,523,167	20,688,376
Other staff costs	193,407	-
Bonus accrual	3,443,102	-
Defined contribution plan	6,109,357	4,374,739
Non-executive directors fees (Refer to 6.1.2 below)	447,746	-
	106,775,691	**92,314,004**

Notes to the Consolidated Annual Financial Statements

	2018	2017

6. Operating expenses (continued)

Key management remuneration

Executive

6.1.1 Directors emoluments and prescribed officers

2018	Emoluments	Pension fund	Performance bonus	Travel allowance	Total
Koutromanos P	6,059,449	651,530	-	-	6,710,979
Mattison KS	4,167,911	450,016	-	24,000	4,641,927
Tilly N	1,883,098	201,906	500,000	-	2,585,004
Larsen J	769,220	15,211	-	-	784,431
Dana B	2,063,533	77,363	883,957	-	3,024,853
Haveron D	1,518,130	67,278	190,564	-	1,775,972
	16,461,341	**1,463,304**	**1,574,521**	**24,000**	**19,523,166**

2017	Emoluments	Pension fund	Performance bonus	Travel allowance	Total
Koutromanos P	5,518,073	329,156	1,470,000	-	7,317,229
Mattison KS	3,700,312	222,854	1,447,000	24,000	5,394,166
Tilly N	2,501,957	175,187	1,352,000	-	4,029,144
Dana B	2,001,826	33,188	271,536	-	2,306,550
Haveron D	1,504,408	26,454	110,425	-	1,641,287
	15,226,576	**786,839**	**4,650,961**	**24,000**	**20,688,376**

N Tilly resigned with effect from 29 December 2017.

J Larsen was appointed as acting finance director with effect from 30 December 2017 and was permanently appointed on 01 June 2018.

6.1.2 Non-Executive

2018	Fees	Travel fees	Total
Collier MD	37,500	711	38,211
Ramplin M	150,000	-	150,000
Matloa OM	103,750	4,312	108,062
Masilela E	150,000	1,473	151,473
	441,250	**6,496**	**447,746**

MD Collier resigned with effect from 21 July 2017.

OM Matloa resigned with effect from 18 May 2018.

E Masilela resigned with effect from 18 May 2018.

6.2 Professional services

	2018	2017
Software development costs	1,339,216	-
External audit fees	1,206,679	775,654
Consulting and managed services	4,475,202	2,423,775
Legal fees	2,071,882	3,184,314
	9,092,979	**6,383,743**

Notes to the Consolidated Annual Financial Statements

	2018	2017

7. Investment income

Bank and other interest	1,177,102	2,134,033
Scrip collateral interest	901,826	789,336
Margin interest	160,109	34,488
Interest on loans to related parties	151,098	251,169
	2,390,135	**3,209,026**

8. Finance cost

Bank overdraft and other payables	359,761	780,577
Interest on loans from related parties	1,615,237	97,235
	1,974,998	**877,812**

9. Investment in equity accounted investee

The Group's share of the post-acquisition losses in the equity-accounted investee for the reporting period was R50 000 comprising of:

Share of loss for the year limited to investment amounts	500,000	-
Elimination of intercompany revenue	(450,000)	-
	50,000	**-**

Refer to note 38 on events after the reporting period for details on the disposal of the investment.

10. Income tax expense

South African normal taxation

Current period	512,191	1,672,748
Prior year correction	14,915	-

Foreign taxation

Current period	15,197	-

Deferred taxation

Current period	2,576,601	(7,973,078)
	3,118,904	**(6,300,330)**

Notes to the Consolidated Annual Financial Statements

10. Income tax expense (continued)

Reconciliation of the tax expense

	2018	2017
Profit before taxation	7,487,124	20,493,617
Tax at the applicable tax rate of 28% (2017: 28%)	2,096,395	5,738,213
Tax effect of adjustments on taxable income		
Non-deductible expenses	415,724	102,240
Deferred tax asset not recognised	1,253,636	-
Effect of difference in tax rate	(661,766)	-
Non-taxable income	-	(60,784)
Prior year deferred tax asset recognised	-	(12,079,999)
Prior year under provision of tax	14,915	-
	3,118,904	**(6,300,330)**
Effective tax rate	41.66%	30.74%

11. Earnings per Share

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share at 30 April 2018 was based on the earnings attributable to ordinary shareholders of R4 368 220 (2017: R26 793 947), and a weighted average number of ordinary shares outstanding of 146 039 842 (2017: 169 838 094) calculated as follows:

	2018		2017	
Profit attributable to ordinary shareholders (basic and diluted)	**Gross**	**Net**	**Gross**	**Net**
Earnings attributable to ordinary shareholders	-	4,368,220	-	26,793,947
Adjustments to earnings				
Profit or loss on disposal of property, plant and equipment	537,530	387,021	(182,936)	(131,714)
Impairment of property, plant and equipment	447,113	447,113	-	-
Insurance refunds	(18,011)	(12,968)	-	-
Headline earnings attributable to ordinary shareholders		**5,189,387**		**26,662,233**

	2018	2017
Basic and diluted earnings per share (cents)	2.99	15.78
Headline and diluted headline earnings per share (cents)	3.55	15.70
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at 01 May	141,457,900	173,532,000
Effect of shares issued/(repurchased)	4,581,941	(3,693,906)
Weighted average number of ordinary shares at 30 April	**146,039,841**	**169,838,094**
Number of shares in issue	146,285,100	141,457,900

Notes to the Consolidated Annual Financial Statements

12. Categories of financial instruments

	Notes	Financial assets at fair value through profit (loss)	Loans and receivables	Financial liabilities at fair value through profit (loss)	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
Categories of financial instruments - 2018							
Assets							
Non-Current Assets							
Property, plant and equipment	13	-	-	-	-	9,366,046	9,366,046
Intangible assets	14	-	-	-	-	667,945	667,945
Loans to directors, managers and employees	17	-	1,508,364	-	-	-	1,508,364
Deferred tax	15	-	-	-	-	14,371,676	14,371,676
Loan receivable	16	-	579,138	-	-	-	579,138
		-	**2,087,502**	**-**	**-**	**24,405,667**	**26,493,169**
Current Assets							
Loans to directors, managers and employees	17	-	797,516	-	-	-	797,516
Margin and collateral accounts	18	-	11,027,981	-	-	-	11,027,981
Trade and other receivables	19	-	4,888,364	-	-	4,056,674	8,945,038
Financial assets held for trading	20	47,946	-	-	-	-	47,946
Current tax receivable		-	-	-	-	2,641,773	2,641,773
Amounts receivable in respect of stock broking activities	21	-	373,499,993	-	-	-	373,499,993
Cash and cash equivalents	22	-	71,710,133	-	-	-	71,710,133
		47,946	**461,923,987**	**-**	**-**	**6,698,447**	**468,670,380**
Total Assets		**47,946**	**464,011,489**	**-**	**-**	**31,104,114**	**495,163,549**
Equity and Liabilities							
Equity							
Share capital	23	-	-	-	-	8,647,754	8,647,754
Reserves	23	-	-	-	-	(6,237,638)	(6,237,638)
Retained income	23	-	-	-	-	83,103,262	83,103,262
		-	**-**	**-**	**-**	**85,513,378**	**85,513,378**

Notes to the Consolidated Annual Financial Statements

12. Categories of financial instruments (continued)

	Notes	Financial assets at fair value through profit (loss)	Loans and receivables	Financial liabilities at fair value through profit (loss)	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
Total Equity		**-**	**-**	**-**	**-**	**85,513,378**	**85,513,378**
Liabilities							
Non-Current Liabilities							
Loans from related parties	25	-	-	-	13,000,251	-	13,000,251
Current Liabilities							
Trade and other payables	28	-	-	-	16,730,671	3,769,818	20,500,489
Financial liabilities held for trading	27	-	-	555,191	-	-	555,191
Operating lease liability		-	-	-	-	452,732	452,732
Loans from related parties	25	-	-	-	128,222	-	128,222
Current tax payable		-	-	-	-	268,327	268,327
Amounts payable in respect of stock broking activities	26	-	-	-	374,744,959	-	374,744,959
		-	**-**	**555,191**	**391,603,852**	**4,490,877**	**396,649,920**
Total Liabilities		**-**	**-**	**555,191**	**404,604,103**	**4,490,877**	**409,650,171**
Total Equity and Liabilities		**-**	**-**	**555,191**	**404,604,103**	**90,004,255**	**495,163,549**

Categories of financial instruments - 2017

	Notes	Financial assets at fair value through profit (loss)	Loans and receivables	Financial liabilities at fair value through profit (loss)	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
Assets							
Non-Current Assets							
Property, plant and equipment	13	-	-	-	-	3,614,651	3,614,651
Intangible assets	14	-	-	-	-	419,454	419,454
Deferred tax	15	-	-	-	-	16,874,345	16,874,345
Loan receivable	16	-	750,000	-	-	-	750,000
		-	**750,000**	**-**	**-**	**20,908,450**	**21,658,450**

Notes to the Consolidated Annual Financial Statements

12. Categories of financial instruments (continued)

	Notes	Financial assets at fair value through profit (loss)	Loans and receivables	Financial liabilities at fair value through profit (loss)	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
Current Assets							
Loans to directors, managers and employees	17	-	2,946,505	-	-	-	2,946,505
Margin and collateral accounts	18	-	8,574,583	-	-	-	8,574,583
Trade and other receivables	19	-	3,788,007	-	-	1,731,440	5,519,447
Financial assets held for trading	20	3,064,864	-	-	-	-	3,064,864
Current tax receivable		-	-	-	-	1,102,971	1,102,971
Amounts receivable in respect of stock broking activities	21	-	46,973,900	-	-	-	46,973,900
Cash and cash equivalents	22	-	63,435,808	-	-	-	63,435,808
		3,064,864	**125,718,803**	**-**	**-**	**2,834,411**	**131,618,078**
Total Assets		**3,064,864**	**126,468,803**	**-**	**-**	**23,742,861**	**153,276,528**
Equity and Liabilities							
Equity							
Share capital	23	-	-	-	-	14,146	14,146
Reserves	23	-	-	-	-	(5,561,126)	(5,561,126)
Retained income	23	-	-	-	-	79,617,120	79,617,120
		-	**-**	**-**	**-**	**74,070,140**	**74,070,140**
Total Equity		**-**	**-**	**-**	**-**	**74,070,140**	**74,070,140**
Liabilities							
Non-Current Liabilities							
Loans from related parties	25	-	-	-	13,000,251	-	13,000,251
Current Liabilities							
Trade and other payables	28	-	-	-	10,836,089	10,632,789	21,468,878
Financial liabilities held for trading	27	-	-	2,668,353	-	-	2,668,353
Operating lease liability		-	-	-	-	377,374	377,374

Notes to the Consolidated Annual Financial Statements

12. Categories of financial instruments (continued)

	Notes	Financial assets at fair value through profit (loss)	Loans and receivables	Financial liabilities at fair value through profit (loss)	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
Loans from related parties	25	-	-	-	97,235	-	97,235
Current tax payable		-	-	-	-	4,299	4,299
Amounts payable in respect of stock broking activities	26	-	-	-	41,589,998	-	41,589,998
		-	**-**	**2,668,353**	**52,523,322**	**11,014,462**	**66,206,137**
Total Liabilities		**-**	**-**	**2,668,353**	**65,523,573**	**11,014,462**	**79,206,388**
Total Equity and Liabilities		**-**	**-**	**2,668,353**	**65,523,573**	**85,084,602**	**153,276,528**

Financial assets pledged as collateral for liabilities and contingent liabilities

Avior Capital Markets (Pty) Limited's pledges financial assets in the form of cash and listed equities as collateral for scrip lending liabilities that forms part of their stockbroking activities. Collateral is pledged in terms of Global Master Securities Lending Agreements ("GMSLA") for scrip lending liabilities. The terms contained in GMSLA agreements are universal in nature and requires collateral to be pledged at the same time that securities are borrowed and also allows for the substitution of collateral. The GMSLA specifically states that in the event of a default, as defined in the GMSLA, set off may be applied by the non-defaulting counterparty. At 30 April 2018 Avior Capital Markets Holdings Limited pledged a total of R6 128 950
(2017: R6 922 408) all of which are cash and cash equivalents.

Fair value evaluation of the carrying amounts

Fair value information has not been provided for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

Amounts receivable/payable in respect of stock broking activities are short term in nature, and typically are subject to a T+3 settlement cycle, and hence their fair value approximates their carrying amount.

Refer to note 34 for further information regarding the risks associated with the categories.

13. Property, plant and equipment

	2018			2017		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Computer equipment	4,228,978	(2,578,564)	1,650,414	3,437,685	(2,275,302)	1,162,383
Computer software	619,001	(583,943)	35,058	578,721	(578,721)	-
Furniture and fixtures	2,280,250	(374,931)	1,905,319	1,144,457	(553,713)	590,744
Leasehold improvements	3,999,750	(325,623)	3,674,127	1,308,628	(833,050)	475,578
Motor vehicles	760,800	(222,283)	538,517	760,800	(137,117)	623,683
Office equipment	1,854,138	(291,527)	1,562,611	1,288,205	(525,942)	762,263
Total	**13,742,917**	**(4,376,871)**	**9,366,046**	**8,518,496**	**(4,903,845)**	**3,614,651**

Reconciliation of property, plant and equipment - 2018

	Opening balance	**Additions**	**Disposals**	**Foreign exchange movements**	**Depreciation**	**Impairment loss**	**Total**
Computer equipment	1,162,383	797,490	-	(2,131)	(307,328)	-	1,650,414
Computer software	-	40,280	-	-	(5,222)	-	35,058
Furniture and fixtures	590,744	1,730,081	-	-	(208,556)	(206,950)	1,905,319
Leasehold improvements	475,578	3,790,054	(161,327)	-	(341,790)	(88,388)	3,674,127
Motor vehicles	623,683	-	-	-	(85,166)	-	538,517
Office equipment	762,263	1,571,194	(447,178)	-	(171,893)	(151,775)	1,562,611
	3,614,651	**7,929,099**	**(608,505)**	**(2,131)**	**(1,119,955)**	**(447,113)**	**9,366,046**

Reconciliation of property, plant and equipment - 2017

	Opening balance	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Total**
Computer equipment	1,019,525	867,073	(3,751)	-	(720,464)	1,162,383
Computer software	424,691	402,055	-	(524,317)	(302,429)	-
Furniture and fixtures	540,097	220,954	-	-	(170,307)	590,744
Leasehold improvements	460,320	265,417	-	-	(250,159)	475,578
Motor vehicles	237,041	760,800	(143,314)	-	(230,844)	623,683
Office equipment	827,594	112,852	-	-	(178,183)	762,263
	3,509,268	**2,629,151**	**(147,065)**	**(524,317)**	**(1,852,386)**	**3,614,651**

Property, plant and equipment encumbered as security

No items of property, plant and equipment were encumbered as security for borrowings.

Change in the property, plant and equipment useful life estimate

During the year the Group revised the useful lives of its property, plant and equipment classes to better align with their historical usage profiles. The Group also revised the residual value of its motor vehicles based on historical usage data. The revised depreciation figures reflect the estimated changes as at the start of the current financial year.

Refer to accounting policy note 1.9 for further detail regarding the Group's property, plant and equipment policy.

13. Property, plant and equipment (continued)

The comparative evaluation of the impact to the financial statements is:

	Revised depreciation	New useful lives	Previous useful lives	New residual value (%)	Previous residual value (%)	Depreciation would have been
Computer equipment	213,096	7	3	-	-	497,225
Computer software	5,222	5	3	-	-	8,704
Furniture and fixtures	208,556	7	6	-	-	486,631
Office equipment	178,702	7	6	-	-	416,972
Motor vehicles	85,166	3	3	54	-	249,473
	690,742			**54**	**-**	**1,659,005**

IAS 36 - Impairment loss

During 2018, due to a move from one office premise to another, the Group assessed the recoverable amount of certain property, plant and equipment items to be lower than their carrying amounts. The Group therefore impaired the respective properly, plant and equipment items. The carrying amount of R447 113 was written down to nil as there was no further use for the assets. The impairment loss was included in operating expenses.

14. Intangible assets

	2018			2017		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Avior research and customer platform	939,314	(271,369)	667,945	524,317	(104,863)	419,454

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Avior research and customer platform	419,454	414,997	(166,506)	667,945

Reconciliation of intangible assets - 2017

	Opening balance	Transfer	Amortisation	Total
Avior research and customer platform	-	524,317	(104,863)	419,454

Pledged as security

No items of intangible assets were pledged as security.

Contractual commitments

At reporting date there were no contractual commitments for the acquisition of any intangible assets.

Notes to the Consolidated Annual Financial Statements

	2018	2017

15. Deferred tax

Deferred tax asset

Accruals	1,875,848	1,007,064
Property, plant and equipment	(44,945)	22,180
Straight lining of leases	126,765	105,665
Income received in advance	-	27,132
Prepaid expenses	(975,561)	(441,419)
Intangible assets	(56,409)	-
Fair value adjustments	1,161	(3,089)
Unrealised profits on foreign exchange	803,767	869,563
Deferred tax balance from temporary differences other than unused tax losses	1,730,626	1,587,096
Tax losses available for set off against future taxable income	12,641,050	15,287,249
	14,371,676	16,874,345
Total deferred tax asset	**14,371,676**	**16,874,345**

Reconciliation of deferred tax asset

At beginning of year	16,874,345	11,069,818
Tax loss available for set off against future taxable income	(2,646,199)	4,453,682
Accruals	868,783	(32,255)
Property, plant and equipment	(67,125)	32,825
Income received in advance	(27,131)	27,132
Prepaid expenses	(534,142)	(287,660)
Fair value adjustments	4,250	(3,089)
Straight lining of leases	21,100	159,707
Unrealised profits on foreign exchange	(65,796)	1,454,185
Intangible assets	(56,409)	-
	14,371,676	**16,874,345**

The tax losses available for set off against future taxable income is due to historic pre-acquisition accumulated tax losses relating to Avior Capital Markets International Limited, which was acquired in January 2015. Management has assessed the suitability of recognising the deferred tax asset in the current financial year based on historic profitability over the past three years and future profit forecasts. Based on the outcome of this analysis management believes it is appropriate to fully recognise the deferred tax asset.

16. Loan receivable

Opening balance	750,000	750,000
Prior period effective interest discounting	(218,681)	-
Effective interest	47,819	-
	579,138	**750,000**

The ASISA Enterprise Development Fund was founded by the Association of Savings and Investment South Africa (ASISA) for the purpose of assisting with the development of operational and financial capacity of BBBEE enterprises and suppliers. The loan is unsecured and interest free. The loan is repayable in 7 years after the initial loan was granted on 30 April 2014. The balance was assessed by management to determine whether there is any indication of circumstances that would prevent them from repaying the loan. No history of default or indication of impairment existed at the reporting date.

17. Loans to directors, managers and employees

Opening balance	2,946,505	3,546,059
Advances	845,915	521,738
Interest income	151,098	348,403
Repayments - cash	(967,508)	-
Repayments - repurchase of shares	(670,130)	(1,469,695)
	2,305,880	**2,946,505**

Notes to the Consolidated Annual Financial Statements

	2018	2017

17. Loans to directors, managers and employees (continued)

Non-current assets	1,508,364	-
Current assets	797,516	2,946,505
	2,305,880	**2,946,505**

Refer to related parties note 33 for further details regarding the loans.

18. Margin and collateral accounts

Gilt margin	758,539	59,923
Margin call	3,250,437	69,550
CFD margin	890,054	1,322,608
Collateral	6,128,951	7,122,502
	11,027,981	**8,574,583**

These amounts primarily represent cash amounts or equity instruments relating to stock broking activities transferred as collateral against open derivative contracts (i.e. CFDs), scrip lending liabilities or margin risks requirements as per the JSE's settlement requirements. No set-off of receivables is permitted as the Group has no legal right to do so as the transactions are with different counterparties. The cash or equity instruments posted as collateral are typically returned to the Group upon fulfilment of obligations or completion of the underlying contracts. The current and prior year values all represent cash amounts at the respective period end.

19. Trade and other receivables

Trade receivables	6,109,369	3,371,215
Prepaid expense (Refer to 19.2 below)	4,055,233	1,731,440
Value Added Tax	1,441	-
Impairment of trade receivables (Refer to 19.1 below)	(1,351,142)	-
Other receivables	130,137	416,792
	8,945,038	**5,519,447**

19.1 Reconciliation of impairment of trade receivables

Balance at the beginning of the year	-	-
Provision raised during the year	(1,351,142)	-
Balance at the end of the year	**(1,351,142)**	**-**

As at 30 April 2018, the Group identified an adverse change in the credit risk relating to a Zimbabwe based counterparty with a post 90 day balance of R1 351 142. This was primarily due to the ongoing foreign exchange liquidity challenges leading to uncertainty around the timing of foreign remittances. The Group therefore provided for an impairment of trade receivables relating to this amount. Discussions are ongoing on the repatriation of funds from the counterparty.

19.2 Prepaid expenses

Property, plant and equipment deposit	311,559	-
Rental	558,248	203,772
Software	1,838,415	1,372,726
Staff travel and other	175,441	-
Subscriptions	633,653	154,942
Summit and conferences	537,917	-
	4,055,233	**1,731,440**

Prepaid expenses will be utilised within 12 months after the year end.

Notes to the Consolidated Annual Financial Statements

	2018	2017

20. Financial assets held for trading

Stock account - proprietary trading	47,946	3,064,864

21. Amounts receivable in respect of stock broking activities

Amounts owing by clients in respect of transactions	373,499,993	46,973,900

These amounts arise primarily from equities, derivatives and fixed income trading activities that the Group carries out on behalf of its clients, through its subsidiary Avior Capital markets (Pty) Limited. The accounts receivable from stockbroking activities represents amounts due from clients for the purchases of instruments and the accounts payable from stockbroking activities represents amounts due to clients for the sales of instruments.

No set-off of receivables and payables is permitted as the Group has no legal right to do so as the transactions are with different counterparties with differing settlement dates. The Group must ensure the settlement of all transactions executed by them on behalf of clients. The Settlement Authority (which is a separate entity established in terms of the JSE Rules and Directives) is responsible for the management of the settlement of these transactions and the management of the risks associated with such settlement.

In addition, the Group ensures that no purchase transaction takes place unless the controlled client has sufficient funds in their account, which are held at JSE Trustees (Pty) Limited, and on the sell side, that the client has sufficient equity securities in dematerialised form before a sale is executed.

22. Cash and cash equivalents

Cash on hand	11,956	11,956
Bank balances	71,698,177	63,423,852
	71,710,133	**63,435,808**

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, short term deposits and amounts due from banks on demand or with an original maturity of three months or less.

Financial guarantee contracts

The Standard Bank of South Africa Limited has made available a bank guarantee facility of R5 000 000 to support Avior Capital Market (Pty) Limited’s capital adequacy requirements in terms of the JSE rules. Payment under the guarantee will only be made upon receipt by the bank of the JSE’s first written demand and will be paid into a trust account administered by the JSE. The guarantee is for the sole benefit of the JSE. This facility was not utilised during the current financial year under review. The guarantee is renewed on an annual basis and was renewed in May 2018.

23. Share capital

Authorised		
Ordinary shares no par value	400,000,000	400,000,000
Movement in the number of shares issued:		
At the beginning of the year	141,457,900	172,162,800
New shares issued	5,755,800	-
Share buy-back	(928,600)	(30,704,900)
	146,285,100	**141,457,900**
Issued		
Ordinary shares no par value	8,647,754	14,146

At the start of the financial year under review, Avior Capital Markets (Pty) Limited was the holding company of the Group.

	2018	2017

23. Share capital (continued)

To facilitate the listing of the Group on the JSE's Alternative Exchange (AltX), a new holding company, Avior Capital Markets Holdings Limited was formed with the ownership of the Group's subsidiaries transferred to this entity with the exception of Groombridge Nominees (Pty) Limited (S.A).

To ensure that Avior Capital Markets Holdings Limited had the minimum number of public shareholders upon listing, a private placement of shares in Avior Capital Markets (Pty) Limited was offered to selected investors prior to the Group listing. As a result, the company issued 57 558 Class B ordinary shares at a price of R150 on 18 May 2017.

Upon listing of the Group on the JSE's AltX on 6 June 2017, a share exchange agreement came into effect, in terms of which each shareholder of Avior Capital Markets (Pty) Limited was granted 100 shares in Avior Capital Markets Holdings Limited for every share held. Avior Capital Markets (Pty) Limited became a wholly owned subsidiary of Avior Capital Markets Holdings Limited.

927 500 shares were repurchased on 05 May 2017 at an average price of R0.96 per share during the current year in terms of this general authority. This event took place prior to Avior Capital Markets Holdings Limited's listing on the JSE's Alternative Exchange ("AltX") and the share exchange transaction on 06 June 2017.

The number of shares at 30 April 2017 is not the actual number of the shares in issue at the time. It has been adjusted in line with the increased number of shares (at a 100:1 ratio) as per the listing to provide a comparable number. The Class A and Class B ordinary share categories were also collapsed into a single ordinary share category upon listing. Consequently, the earnings per share and headline earning per share were updated accordingly for comparison purposes.

24. Legacy share scheme

Prior to the start of the current financial year staff members party to the legacy share scheme signed an addendum to the original agreement. This addendum gave effect that upon the listing of the Group all rights and vesting conditions were to be considered fulfilled, with the shares subsequently freely tradeable on the stock exchange. However, per the legacy agreement, shares are held as collateral against the staff loans which were originally provided to fund the acquisition of the shares. At the date of listing, 65 904 Class B ordinary shares were held by staff, excluding directors of the Group. Further, the scheme was considered to be concluded at the date of listing. Refer to note 23 on the general treatment of how shares were transferred between entities during the listing of the Group. The legacy share scheme was not accounted for under IFRS 2 as it did not meet the initial recognition and measurement criteria.

25. Loans from related parties

Shareholder loans

	2018	2017
Non-current liabilities		
K. Mattison	4,500,251	4,500,251
Stately Horse Properties (Pty) Limited	8,500,000	
Zazomia Trust	-	8,500,000
	13,000,251	**13,000,251**

	2018	2017
Current liabilities		
K. Mattison - accrued interest	44,386	33,659
Stately Horse Properties (Pty) Limited - accrued interest	83,836	-
Zazomia Trust - accrued interest	-	63,576
	128,222	**97,235**

On 4 April 2017 Avior Capital Markets (Pty) Limited entered into subordinated loan agreements with two of its shareholders being The Zazomia Trust and Kevin Mattison. The amounts loaned to Avior Capital Markets (Pty) Limited were R8 500 000 and R4 500 251 respectively. The terms of the loan are Prime + 2% with accrued interest settled on a monthly basis. Interest of R83 835,62 and R44 386,04 respectively, was due as at 30 April 2018 and is included in the closing balance. The subordination remains in effect for a minimum of 2 years from the anniversary of the loan. The loans were made to improve Avior Capital Markets (Pty) Limited's Capital Adequacy Requirements in terms of the JSE Rules. On 01 July 2017, the Zazomia Trust ceded the loan to its wholly owned subsidiary Stately Horse Properties (Pty) Limited.

Notes to the Consolidated Annual Financial Statements

	2018	2017

26. Amounts payable in respect of stock broking activities

	2018	2017
Amounts owing to clients in respect of trade transactions	373,169,625	41,313,563
Gilt clearing house account	1,575,334	276,435
	374,744,959	**41,589,998**

Refer to note 21 for further details regarding the payable accounts.

27. Financial liabilities held for trading

	2018	2017
Stock account - proprietary positions	555,191	2,668,353
Current liabilities		
Financial liabilities held for trading at fair value through profit or loss	555,191	2,668,353

28. Trade and other payables

	2018	2017
Trade payables	9,191,763	6,974,886
Amounts received in advance	-	370,500
Value Added Tax	1,533	527,551
Securities Transfer Tax and other taxes	3,768,285	9,734,738
Accrued expenses	742,439	538,142
Bonus accrual	3,443,102	-
Leave pay accrual	3,353,367	3,323,061
	20,500,489	**21,468,878**

29. Cash generated from operations

	2018	2017
Profit before taxation	7,487,124	20,493,619
Adjustments for:		
Depreciation and amortisation	1,286,461	1,957,288
Gains on disposals of property, plant and equipment	537,530	(182,936)
Net foreign exchange translation	5,358,769	(5,539,541)
Income from equity-accounted investee	50,000	-
Investment income	(2,390,135)	-
Finance costs	1,974,998	(2,055,622)
Dividend income	(49)	-
Fair value gains on financial assets at fair value through profit or loss	4,147	(11,031)
Non-cash movement in financial liabilities	-	(1,784,526)
Impairment and discounting of loans receivable	478,651	3,382,595
Impairment loss on property, plant and equipment	447,113	-
Increase in operating lease accrual	75,358	570,382
Loss on disposal of equity-accounted investee	500,000	-
Movement in loans to directors, managers and employees	-	1,121,289
Exchange rate differences on translation of cash flow items	-	249,833
Non-cash movements in cash flows from investing activities (Refer to note 31)	-	(172,268)
Non-cash movements in cash flows from financing activities (Refer to note 32)	-	(180,947)
Changes in working capital:		
(Increase) in trade and other receivables	(3,425,592)	(2,716,341)
(Increase) in margin and collateral accounts	(2,453,398)	(1,208,368)
(Increase)/decrease in amounts receivable in respect of stock broking activities	(326,526,093)	379,732,115
(Decrease)/increase in trade and other payables	(968,385)	2,747,425
Increase/(decrease) amounts payable in respect of stock broking activities	333,154,962	(375,397,957)
	15,591,461	**21,005,009**

Notes to the Consolidated Annual Financial Statements

30. Tax paid

	2018	2017
Balance at the beginning of the year	1,098,672	136,355
Current tax for the year recognised in profit or loss	(527,388)	(1,672,748)
Prior year under provision	(14,915)	-
Balance at the end of the year	(2,373,446)	(1,098,672)
	(1,817,077)	**(2,635,065)**

31. Other non-cash items from investing activities

	2018	2017
Disposal of property, plant and equipment	-	182,936
Trade in of property, plant and equipment	-	(169,662)
Movements in intangible assets	-	(185,542)
	-	**(172,268)**

32. Other non-cash items from financing activities

	2018	2017
Share buyback	-	(177,877)
Movement in share capital	-	(3,070)
	-	**(180,947)**

33. Related parties

33.1 Directors and key management

Details of directors' shareholding in the Group are disclosed in the directors' report. Directors' and key management remuneration are disclosed in note 6.1.

33.2 Loans to directors, managers and employees

Loans to directors, managers and employees comprise general staff loans, a UK director loan and loans relating to a legacy share scheme.

	2018	2017
Share scheme staff loans	1,508,364	2,424,767
General staff loans (SA)	284,233	337,469
General staff loans (UK)	52,596	112,388
UK director loan	460,687	71,883
Loans to directors, managers and employees	**2,305,880**	**2,946,505**

The legacy share scheme loans were granted between 2012 and 2014 to staff to purchase shares in the non-listed entity, now known as Avior Capital Markets (Pty) Limited. The loans bear interest at 9% per annum secured by ordinary shares in the Group. Upon the AltX listing of Avior Capital Markets Holdings Limited on 6 June 2017, the share holdings were exchanged for shares in the new holding company, Avior Capital Markets Holdings Limited.

General staff loans (SA) are unsecured and do not exceed 2 years. The terms of the loan are Prime + 2% per annum and are deducted from employees' salaries on a monthly basis.

General staff loans (UK) are unsecured and do not exceed 1 year. The terms of the loan are 0% per annum and are deducted from employees' salaries on a monthly basis.

The UK director's loan is unsecured. The terms of the loan are 3% per annum after three years from the loan commencement in April 2018. The loan is to be setoff prior to this date against any bonuses paid.

The share scheme staff loans did not meet the IFRS 2 share-based payment recognition and measurement criteria and were consequently accounted for in accordance with IAS 39.

Notes to the Consolidated Annual Financial Statements

33. Related parties (continued)

33.3 Loans from related parties

Loan balances		
K Mattison - shareholder's loan	4,544,637	4,533,910
Stately Horse Properties (Pty) Limited - shareholder's loan	8,583,836	-
Zazomia Trust - shareholder's loan	-	8,563,575
	13,128,473	**13,097,485**

Interest on loans paid to shareholders		
K Mattison - shareholder's loan	559,141	33,659
Stately Horse Properties (Pty) Limited - shareholder's loan	866,418	-
Zazomia Trust - shareholder's loan	189,678	63,575
	1,615,237	**97,235**

33.4 Purchases from (sales to) related parties

On 20 February 2017, Tauri Investment (Pty) Limited, a 50% owned entity of Zazomia Trust, was liquidated, ending the related party relationship between the Group and Cheetahfix, which was prior to the start of the current financial year.

Cheetahfix Limited		-613,992

33.5 Stately Horse Properties (Pty) Limited scrip lending transaction

On 8 September 2017 Stately Horse Properties (Pty) Limited, which owns 58.1% of outstanding shares in Avior Capital Markets Holdings, became a client of Avior Capital Markets (Pty) Limited. Consequently, Avior Capital Markets (Pty) Limited entered into a securities lending transaction with Stately Horse Properties (Pty) Limited. At 30 April 2018 the short position was valued at R42 780 491 and the equity collateral posted by Stately Horse Properties (Pty) Limited was valued at R61 360 065. Avior Capital Markets (Pty) Limited earned total fees of R84 148 relating to this transaction as at 30 April 2018. The terms of the agreement were at arms lengths and were aligned to the International Securities Lending Association standard terms.

33.6 Transfer of shareholding from Zazomia Trust to Stately Horse Properties (Pty) Limited

On 29 September 2017 Zazomia Trust transferred all of its shareholding in Avior Capital Markets Holdings Limited of 85 898 200 shares to Stately Horse Properties (Pty) Limited. Peter Koutromanos, Director, has a controlling interest in both entities. All costs associated with the transfer were borne by Zazomia Trust.

33.7 Investment in A-trade (Pty) Limited joint venture

On 1 June 2017 Avior Capital Markets Holdings Limited and Pallidus Investments (Namibia) (Pty) Limited jointly invested in a newly incorporated entity being A-Trade (Pty) Limited. The respective parties subscribed to 50 Class A ordinary shares at R500 000 each representing a 50% shareholding in a joint venture arrangement and advanced a loan of R310 000. The entity was formed as a stock brokerage to service clients as a member of the 4AX exchange. The joint venture is equity-accounted per the Group's accounting policies.

33.7.1 Monthly management fees charged to A-trade (Pty) Limited by Avior Capital Markets (Pty) Limited

Avior Capital Markets Holdings Limited charged A-Trade (Pty) Limited monthly management fees from 15 June 2017 to 30 April 2018 amounting to R900 000. The fees related to the use of Avior Capital Markets Holdings Limited’s Group facilities and broker capabilities.

33.7.2 Disposal of A-trade (Pty) Limited investment and associated asset impairment

With effect from 28 May 2018 Avior Capital Markets Holdings Limited disposed of its shareholding in A-Trade (Pty) Limited for a consideration of R1 to Pallidus Investments (Namibia) (Pty) Limited. The terms of the agreement were such that the Avior Capital Markets Holdings Limited disposed of all 50 class A ordinary shares comprising 50% of the share capital of A-trade (Pty) Limited. The service level agreement between Avior Capital Markets (Pty) Limited and A-trade (Pty) Limited for the management services was also terminated. The total loan at 30 April 2018 was R310 000 and this was written off as it is not recoverable per the agreed exit terms. The total investment in A-Trade (Pty) Limited of R500 000 was impaired and written off to zero, while the share of loss on the investment was limited to R500 000 which was the investment value.

Notes to the Consolidated Annual Financial Statements

34. Risk management

Financial risk management

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

The Group's senior management oversees the management of these risks.

34.1 Market risk

Market risk is the risk that movements in market factors, such as foreign exchange rates, interest rates and equity prices, will reduce the Group’s income or the value of its portfolios.

Market risk management

The Group’s market risk management objective is to manage and control market risk exposures in order to optimise return on risk while ensuring solvency.

As with liquidity risk senior management is responsible for ensuring the effective management of market risk throughout the Group. The authority and responsibility in relation to market risk management have been assigned to appropriate individuals in the Group.

The core market risk management activities are:

- The identification of all key market risks and their drivers.
- The independent measurement and evaluation of key market risks and their drivers.
- Monitoring risks and reporting on them.

34.1.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Interest earned or paid by the Group is generated as part of the Group’s financing or investment decisions. The Group’s policy is to monitor positions on a daily basis to ensure the risk is managed.

Financial assets and liabilities that are sensitive to interest rate risk and comprise those financial instruments carried at amortised cost. This includes cash balances, loans receivable and interest-bearing borrowings.

Interest rate sensitivity analysis

Short-term financial assets and liabilities carried at amortised cost whereby the effects of discounting are considered to be immaterial are reflected as "non-rate" in the sensitivity analysis. Non-interest bearing assets and liabilities carried at amortised cost are specifically classified as non-rate financial instruments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) on the profit or loss and equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held at 30 April 2018.

Assumptions

50bps increase in the local interest rates and 50bps in the foreign rates. This is senior management's forecast of the change in the interest rates based on market expectations.

Notes to the Consolidated Annual Financial Statements

34. Risk management (continued)

Financial assets by category

2018	Carrying amount	Interest	Sensitivity of profit or loss	Sensitivity of equity, net of tax
Loan receivables	579,138	Non-rate	-	-
Financial assets held for trading	47,946	Non-rate	-	-
Amounts receivable in respect of stock broking activities	373,499,993	Non-rate	-	-
Margin and collateral accounts	11,027,981	Non-rate	-	-
Trade and other receivables	8,945,038	Non-rate	-	-
Loan to directors, management and employees	2,305,880	0.50%	11,529	8,532
Current tax receivable	2,641,773	Non-rate	-	-
Cash and cash equivalents	71,710,133	0.50%	358,551	263,947
	470,757,882		**370,080**	**272,479**

The sensitivity of profit or loss post tax is deemed to be the same as the impact on equity. The tax rates used to determine the sensitivity of equity, net of tax are 28% for South Africa and 19% (2017:20%) for the U.K.

Financial liabilities by category

2018	Carrying amount	Interest	Sensitivity of profit or loss	Sensitivity of equity, net of tax
Amounts payable in respect of stock broking activities	374,744,959	Non-rate	-	-
Trade and other payables	20,500,489	Non-rate	-	-
Current tax payable	268,327	Non-rate	-	-
Operating lease liability	452,732	Non-rate	-	-
Loans from related parties	13,128,473	0.50%	65,642	47,263
Financial liabilities held for trading	555,191	Non-rate	-	-
	409,650,171		**65,642**	**47,263**

Financial assets by category

2017	Carrying amount	Interest	Sensitivity of profit or loss	Sensitivity of equity, net of tax
Loan receivable	750,000	Non-rate	-	-
Financial assets held for trading	3,064,864	Non-rate	-	-
Amounts receivable in respect of stock broking activities	46,973,900	Non-rate	-	-
Margin and collateral accounts	8,574,583	Non-rate	-	-
Trade and other receivables	5,519,447	Non-rate	-	-
Loan to directors, management and employees	2,946,505	0.50%	14,733	10,681
Current tax receivable	1,102,971	Non-rate	-	-
Cash and cash equivalents	63,435,808	0.50%	317,179	236,374
	132,368,078		**331,912**	**247,055**

The sensitivity of profit or loss post tax is deemed to be the same as the impact on equity. The tax rates used to determine the sensitivity of equity, net of tax are 28% for South Africa and 19% (2017:20%) for the U.K.

34. Risk management (continued)

Financial liabilities by category

2017	**Carrying amount**	**Interest**	**Sensitivity of profit or loss**	**Sensitivity of equity, net of tax**
Amounts payable in respect of stock broking activities	41,589,998	Non-rate	-	-
Trade and other payables	21,468,878	Non-rate	-	-
Loans from related parties	13,097,486	0.50%	65,487	47,151
Current tax payable	4,299	Non-rate	-	-
Operating lease liability	377,374	Non-rate	-	-
Financial liabilities held for trading	2,668,353	Non-rate	-	-
	79,206,388		**65,487**	**47,151**

34.1.2 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Sterling (GBP) and US Dollar (USD). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. Foreign exchange translation exposure which arises from the translation of the Group's offshore operations into Rand is not considered a foreign currency exposure under IFRS. It is important to note that a growing portion of the Group's revenues are earned in foreign currencies and the volatility of these currencies relative to the Rand will impact the Group's Rand profit or loss and asset values.

The Group maintains cash balances with various offshore financial institutions to facilitate offshore trading on behalf of its clients. These foreign currency exposures are not hedged and are monitored by senior management.

Below are the carrying amounts of the foreign currency denominated assets and liabilities at reporting date:

	2018			**2017**		
Current assets	**USD**	**GBP**	**Total**	**USD**	**GBP**	**Total**
Trade receivables	-	2,217,302	2,217,302	-	2,812,083	2,812,083
Cash and cash equivalents	36,590,532	13,346,991	49,937,523	21,326,291	16,386,225	37,712,515
	36,590,532	15,564,293	52,154,825	21,326,291	19,198,308	40,524,598
Net exposure	**36,590,532**	**15,564,293**	**52,154,825**	**21,326,291**	**19,198,308**	**40,524,598**

Foreign exchange as at conversion date

	2018	**2017**
ZAR/USD	12.37	13.31
ZAR/GBP	17.01	17.25

Foreign currency sensitivity analysis

The table below shows the Group's sensitivity to the percentage below in value of the Rand against the various currencies. The sensitivity analysis measures the impact on the Group's exposure in Rand (based on a change in the reporting date spot rate) and the impact on the Group's Rand profitability given a simultaneous change in all currencies to which the Group is exposed at reporting date. Given the volatility of the Rand in the current reporting period, a different percentage change per currency was used in certain of the currencies, based on the movement in the closing spot rates from the prior year and after consideration of post year-end currency fluctuations.

A positive number below indicates an increase in profit and equity following the stated percentage weakening of the Rand against the other currencies. For a strengthening of the Rand, there would be an equal and opposite impact on profit and equity and the balances below would be negative.

Notes to the Consolidated Annual Financial Statements

34. Risk management (continued)

The following variability per currency was used in the below foreign currency risk sensitivity analysis:

	2018	2017
USD	10%	10%
GBP	10%	10%

	USD		GBP	
Sensitivity	**2018**	**2017**	**2018**	**2017**
Sensitivity of profit or loss	3,659,053	2,132,629	1,556,429	1,919,831
Sensitivity of equity, net of tax	2,730,645	1,605,062	1,148,722	1,436,322

The sensitivity of profit or loss post tax is deemed to be the same as the impact on equity. The tax rates used to determine the sensitivity of equity, net of tax are 28% for South Africa and 19% (2017:20%) for the United Kingdom.

34.1.3 Equity price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a daily basis.

34.2 Credit risk

Credit risk is defined as the risk of loss resulting from the default of a counterparty. Credit limits are agreed and approved by senior management. Different individuals are appointed to monitor the risk on a daily basis and ensure compliance with the limits set. With respect to Group entities, credit risk arises as a result of clients not meeting their settlement obligations on exchange trades. There is also a credit risk on agency derivate instrument trades where clients may not settle their daily margin calls and with the subsequent requirement to carry accounts should the value of the security fall below the amount loaned.

There is no significant concentration of credit risk for the Group. Other assets that expose the Group to credit risk consist principally of cash deposits and trade receivables. Credit risk with respect to trade receivables is limited due to the high credit rating of the Group's counterparties.

The carrying value of financial assets recorded in the financial statements, which is net of the allowance for impairment losses, represents the Group's maximum exposure to credit risk.

Below is the ageing of the financial assets at reporting date:

2018	**Maximum exposure to credit risk**	**Not past due**	**<30 days**	**30+ days**	**60+ days**
Loan receivable	579,138	579,138	-	-	-
Financial assets held for trading	47,946	47,946	-	-	-
Amounts receivable in respect of stock broking activities	373,499,993	373,499,993	-	-	-
Margin and collateral accounts	11,027,981	11,027,981	-	-	-
Trade and other receivables	8,945,038	8,048,304	158,847	511,442	226,445
Current tax receivable	2,641,773	2,641,773	-	-	-
Loans to directors, management and employees	2,305,880	2,305,880	-	-	-
Cash and cash equivalents	71,710,133	71,710,133	-	-	-
	470,757,882	**469,861,148**	**158,847**	**511,442**	**226,445**

Notes to the Consolidated Annual Financial Statements

34. Risk management (continued)

2017	Maximum exposure to credit risk	Not past due	<30 days	30+ days	60+ days
Loan receivable	750,000	750,000	-	-	-
Financial assets held for trading	3,064,864	3,064,864	-	-	-
Amounts receivable in respect of stock broking activities	46,973,900	46,973,900	-	-	-
Margin and collateral accounts	8,574,583	8,574,583	-	-	-
Trade and other receivables	5,519,447	3,843,027	208,966	895,304	572,148
Current tax receivable	1,102,971	1,102,971	-	-	-
Loans to directors, management and employees	2,946,505	2,946,505	-	-	-
Cash and cash equivalents	63,435,808	63,435,808	-	-	-
	132,368,078	**130,691,658**	**208,966**	**895,304**	**572,148**

Credit quality of financial assets neither past due nor impaired:

2018	Good	Satisfactory	Risky	Total
Loan receivable	579,138	-	-	579,138
Financial assets held for trading	47,946	-	-	47,946
Amounts receivable in respect of stock broking activities	373,499,993	-	-	373,499,993
Margin and collateral accounts	11,027,981	-	-	11,027,981
Trade and other receivables	8,207,151	511,442	226,445	8,945,038
Current tax receivable	2,641,773	-	-	2,641,773
Loans to directors, management and employees	2,305,880	-	-	2,305,880
Cash and cash equivalents	71,710,133	-	-	71,710,133
	470,019,995	**511,442**	**226,445**	**470,757,882**

2017	Good	Satisfactory	Risky	Total
Loan receivable	750,000	-	-	750,000
Financial assets held for trading	3,064,864	-	-	3,064,864
Amounts receivable in respect of stock broking activities	46,973,900	-	-	46,973,900
Margin and collateral accounts	8,574,583	-	-	8,574,583
Trade and other receivables	2,746,765	2,200,534	572,148	5,519,447
Current tax receivable	1,102,971	-	-	1,102,971
Loans to directors, management and employees	2,946,505	-	-	2,946,505
Cash and cash equivalents	63,435,808	-	-	63,435,808
	129,595,396	**2,200,534**	**572,148**	**132,368,078**

Good: It is probable that the asset will be fully recovered.
Satisfactory: It is highly likely that the asset will be fully recovered, however, the counterparty has indicated possible evidence of deterioration and is being monitored regularly.
Risky: The counterparty's ability to meet their obligations is concerning.

An amount of R1 351 142 was provided for as doubtful debts due to a change in the credit quality of the trade receivable. Refer to note 19 for further details. This amount was excluded from the above tables.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

Credit rating	Rating	Rating Agency	2018	2017
Standard Bank	Baa3	Moody's	17,544,868	19,484,200
First National Bank	Baa3	Moody's	3,035,004	1,711,159
Bank of New York	Aa1	Moody's	5,073,100	2,625
Bank of Scotland	Aa3	Moody's	7,692,510	18,864,316
JP Morgan	Aa2	Moody's	38,352,695	23,302,951
			71,698,177	**63,365,271**

Notes to the Consolidated Annual Financial Statements

34. Risk management (continued)

Given the current credit ratings and historic counterparty default rates the carrying amounts are considered appropriate. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

34.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

There were no breaches or defaults of any loan obligations during the current year.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. On a daily basis there are individuals who monitor the Group's cash holdings.

The table below summarises the maturity profile of the Group's financial assets and liabilities:

Financial liabilities by category

2018	**On demand**	**1-6 months**	**6-12 months**	**13-60 months**	**>60 months**	**Total**
Amounts payable in respect of stock broking activities	374,744,959	-	-	-	-	374,744,959
Trade and other payables	20,500,489	-	-	-	-	20,500,489
Current tax payable	268,327	-	-	-	-	268,327
Loan from related parties	128,222	-	-	13,000,251	-	13,128,473
Operating lease liability	452,732	-	-	-	-	452,732
Financial liabilities held for trading	555,191	-	-	-	-	555,191
	396,649,920	**-**	**-**	**13,000,251**	**-**	**409,650,171**

2017	**On demand**	**1-6 months**	**6-12 months**	**13-60 months**	**>60 months**	**Total**
Amounts payable in respect of stock broking activities	41,589,998	-	-	-	-	41,589,998
Trade and other payables	21,468,878	-	-	-	-	21,468,878
Loan from related parties	97,235	-	-	13,000,251	-	13,097,486
Current tax payable	4,299	-	-	-	-	4,299
Operating lease liability	377,374	-	-	-	-	377,374
Financial liabilities held for trading	2,668,353	-	-	-	-	2,668,353
	66,206,137	**-**	**-**	**13,000,251**	**-**	**79,206,388**

34.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes cash and cash equivalents disclosed, in note 22, the borrowings disclosed, in note 25 and equity as disclosed in the statement of financial position.

The JSE's Financial Resources Requirements Rule 4.55, read with directives DC, requires a minimum capital resource based on position risk, counterparty risk, foreign exchange risk, large exposure risk, custody risk and fixed expenditure risk. The Group monitors its capital adequacy requirements on a daily basis.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Notes to the Consolidated Annual Financial Statements

34. Risk management (continued)

There were no regulatory capital breaches and the Group had sufficient capital during the year.

Fair value hierarchy of financial instruments at fair value through profit or loss

The fair value of the financial instruments is the price that would be received for the sale of the assets or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date.

The Group classifies assets and liabilities measured at fair value using a fair value hierarchy that reflects whether observable or unobservable inputs are used in determining the fair value of the item. Fair value may be determined using unadjusted quoted prices in active markets for identical assets or liabilities where these are readily available and the price represents actual and regularly occurring market transactions. If this information is not available, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Where a valuation model is applied and the Group cannot mark-to-market, it applies a mark-to-model approach, subject to valuation adjustments.

The quoted market price for assets held by the Group is based on unadjusted quoted prices and these financial instruments are classified as level 1 assets.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses available observable data. These assets are classified as level 2 assets.

If one or more significant inputs are not based on observable market data, the instrument is included in level 3. As at 30 April 2018 there are no level 3 instruments.

Financial assets held for trading

2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Stock account	47,946	-	-	47,946

2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Stock account	3,064,864	-	-	3,064,864

Financial liabilities held for trading

2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Stock account	555,191	-	-	555,191

2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Stock account	2,668,353	-	-	2,668,353

35. Commitments

Operating leases

The Group leases three office premises under operating lease arrangements. These are for its Johannesburg, Cape Town and London premises. The lease periods relating to the premises are 7 years, month-to-month and quarterly respectively. Lease payments are renegotiated at the appropriate time to reflect market rentals. The Group is not restricted from entering into any sub-lease arrangements, on condition that the lessor is informed. No contingent rent is payable. Two of the leased properties are currently sub-let by the Group.

Future minimum lease payments		
Within one year	4,087,486	2,393,632
In second to fifth year inclusive	19,892,165	-
Later than five years	9,667,495	-
	33,647,146	**2,393,632**

Notes to the Consolidated Annual Financial Statements

35. Commitments (continued)

Amounts recognised in profit or loss		
Lease expense	6,710,228	6,099,703
Rental income from sub-letting	(471,468)	(456,746)
	6,238,760	**5,642,957**
Operating lease liability		
Straight lining of the lease-liability	(452,732)	(377,374)

36. Information about reportable segment profit or loss, assets and liabilities

The Group has two main reportable segments that compromise the structure used by the Executive Committee (Exco) to make key operating decisions and assess performance. The Group's reportable segments are operating segments that are differentiated by region (referred to as business segments). Each business segment utilises different technology and marketing strategies.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements, except that certain items are not included in arriving at the operating profit of the operating segments (post-employment benefit expenses). In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

The Group evaluates the performance of its reportable segments based on revenue from operations. The Group accounts for intersegment sales and transfers as if the sales and transfers were entered into under the same terms and conditions as would have been entered into in a market related transaction.

2018	**SA Region**	**UK Region**	**Total**
Revenue from external customers	146,020,240	30,971,902	176,992,142
Intersegment revenues eliminated	1,824,233	1,273,564	3,097,797
Other income	4,155,747	-	4,155,747
	152,000,220	**32,245,466**	**184,245,686**
Operating expenses	(150,730,862)	(19,747,415)	(170,478,277)
Depreciation and amortisation	(1,192,229)	(94,232)	(1,286,461)
Interest income	2,891,821	632,892	3,524,713
Finance costs	(2,609,769)	-	(2,609,769)
Forex gains/ (losses) for the year	360,811	(5,719,581)	(5,358,770)
Share of loss in equity-accounted investee	(50,000)	-	(50,000)
Income tax expense	(383,630)	(2,735,274)	(3,118,904)
Segment profit	**286,364**	**4,581,856**	**4,868,220**
Segment Assets	466,440,578	28,737,886	495,178,464
Segment Liabilities	(408,101,404)	(1,548,767)	(409,650,171)

Revenue reconciliation	
Total revenue per reportable segments	180,089,939
Other income	4,155,747
Elimination of intersegment revenues	(3,097,797)
Entity's revenue per profit or loss statement	181,147,889

Profit or Loss reconciliation	
Total profit for reportable segments	4,868,220
Elimination of intersegment profits	(500,000)
Entity's profit per profit or loss statement	4,368,220

Notes to the Consolidated Annual Financial Statements

36. Information about reportable segment profit or loss, assets and liabilities (continued)

Segment information is presented per regions in which the Group operates:

SA Region - This includes all the South African based companies (Avior Capital Markets (Pty) Limited, Avior Capital Investments (RF) (Pty) Limited, Avior Wealth Services (Pty) Limited, Groombridge Nominees (Pty) Limited and A-Trade (Pty) Limited).

UK Region - This includes the Group's foreign based 100% owned subsidiary operating in UK (Avior Capital Markets International Limited).

There were no major customers from the reported segments representing more than 10% of revenue.

2017	**SA Region**	**UK Region**	**Total**
Revenue from external customers	138,376,109	30,153,759	168,529,868
Intersegment revenue and income	-	3,529,304	3,529,304
Other income	1,731,653	-	1,731,653
	140,107,762	**33,683,063**	**173,790,825**
Operating expenses	(137,817,906)	(10,501,342)	(148,319,248)
Depreciation and amortisation	(1,911,652)	(45,636)	(1,957,288)
Interest income	3,186,382	22,644	3,209,026
Finance costs	(877,812)	-	(877,812)
Foreign exchange gain / (loss) for the year	(3,105,580)	1,282,997	(1,822,583)
Income tax expense	(317,394)	6,617,724	6,300,330
Segment profit	**(736,200)**	**27,530,147**	**26,793,947**
Segment Assets	114,715,226	38,561,302	153,276,528
Segment Liabilities	(78,680,277)	(526,111)	(79,206,388)

Revenue reconciliation	
Total revenue per reportable segments	172,059,172
Other income	1,731,653
Elimination of intersegment revenues	(3,529,304)
Entity's revenue per profit or loss statement	**170,261,521**

Profit or Loss reconciliation	
Total profit for reportable segments	26,793,947
Entity's profit per profit or loss statement	**26,793,947**

37. Contingent liability not recognised in the financial statements

Avior Capital Markets (Pty) Limited is currently involved in arbitration proceedings instituted by a non-controlling shareholder of the Group for the payment of damages suffered in respect of certain alleged breaches of a sale agreement concluded during or about February 2012. The claimant claims for payment of an amount of R5 542 917, interest and costs, which is disputed by the Group and the other respondents. At this stage, the arbitration process is still ongoing. Accordingly, the directors are, save for the capital amount claimed, not in a position to determine the total estimated financial effect of the claim on the Group in so far as it relates to the interest and costs components. Depending on the outcome of the arbitration proceedings, the Group may be able to recover a portion of its legal expenses. The Group insurers have also been notified of the claim and may also contribute towards the legal expenses incurred in respect of defending the claim.

Notes to the Consolidated Annual Financial Statements

38. Events after the reporting period

38.1 Change in company secretary

Ms Ateeqah Khan resigned as company secretary of Avior Capital Markets Holdings Limited and Fusion Corporate Secretarial Services (Pty) Limited was appointed as the new company secretary with effect from 03 May 2018.

38.2 Disposal of A-trade (Pty) Limited Investment and associated asset impairment

Refer to note 33.7.2 for further information regarding the disposal of A-trade (Pty) Limited.

38.3 Changes to the board

Several changes were made to the board after the reporting period.

On 18 May the following changes were made:
- Mr. Elias Masilela, non-executive director and member of the Audit and Risk Committee and chairperson of the Social and Ethics Committee and the Remuneration Committee of Avior Capital Markets Holdings Limited resigned.
- Ms Octavia Matshidiso Matloa, non-executive director and chairperson of the Audit and Risk committee and member of the Social and Ethics committee and the Remuneration Committee of Avior Capital Markets Holdings Limited resigned.
- Stephan David Price was appointed as non-executive director and as member of the Audit and Risk committee, the Social and Ethics committee and the Remuneration Committee of Avior Capital Markets Holdings Limited.

On 1 June the following changes were made:
- Mr. Thabo Vincent Mokgatlha was appointed as an independent, non-executive director of Avior Capital Markets Holdings Limited. Furthermore, Mr. Mokgatlha was appointed as the chairperson of the Company's Audit and Risk Committee and as member of the combined Social, Ethics and Remuneration Committee.
- Mr. Justin Larsen, who was acting as the interim financial director of the Company since 30 December 2017, was appointed as the full-time finance director of Avior Capital Markets Holdings Limited.

38.4 Avior Capital Markets International Limited membership of the London Stock Exchange (LSE)

On 16 June 2018 Avior Capital Markets International Limited was approved as a member of the LSE. This event strengthens the Groups South African and global trading proposition by deepening it's trade execution and product offerings.

39. Comparative figures

Immaterial reclassifications were made to the prior year's financial statements to enhance comparability with the current year's financial statements. The changes were made to reflect a more consistent way of presenting financial information with reference to the industry. As a result, certain line items were amended in the statement of financial position and statement of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flow, and the related notes to the financial statements.

Notes to the Consolidated Annual Financial Statements

39. Comparative figures (continued)

The items were reclassified as follows:

Statement of Profit or Loss and Other Comprehensive Income

	Previously reported	After reclassification
Revenue	178,505,436	168,529,868
Cost of sales	(41,200,138)	-
Other income	2,622,779	1,731,653
Operating expenses	(121,810,853)	(150,276,536)
Investment revenue	3,220,530	3,209,026
Fair value adjustments	11,031	-
Finance costs	(855,168)	(877,812)
Foreign exchange losses for the year	-	(1,822,583)
Profit for the year	26,793,950	26,793,950
Other comprehensive income:		
Exchange differences on translating foreign operations	(5,561,126)	(6,194,822)
Total comprehensive income for the year	**21,232,824**	**20,599,128**

Statement of Financial Position

Assets		
Loans to directors, managers and employees	2,424,767	2,946,505
Trade and other receivables	5,653,858	5,519,447
Amounts receivable in respect of stock broking activities	46,970,215	46,973,900
	55,048,840	**55,439,852**
Liabilities		
Trade and other payables	(17,860,309)	(21,468,878)
Loans from related parties - current liabilities	-	(97,235)
Provisions	(3,323,061)	-
Amounts payable in respect of stock broking activities	(41,581,728)	(41,589,998)
	(62,765,098)	**(63,156,111)**

40. Prior period errors

During the preparation of the current year's annual financial statements the following prior period errors were noted.

40.1 Exchange differences on translating foreign operations

The prior year's other comprehensive income, per the Statement of Profit or Loss and Other Comprehensive Income, was overstated by R633 706. The exchange differences on translating foreign operations closing balance was incorrectly used instead of the year's movement.

40.2 Earnings Per Share

The prior year's EPS was misstated by 2.28 (cents). The starting point for the original calculation was incorrect being total comprehensive income instead of profit for the year. The recalculated value is 15.78 (cents).

Notes to the Consolidated Annual Financial Statements

41. Analysis of shareholders

As at 30 April 2018

Shareholder profile

Analysis of shareholding

Distribution	**Number of shareholders**	**%**	**Number of shares held**	**%**
Private companies	2	3.06	87,288,364	59.67
Individuals	80	82.65	56,781,221	38.82
Hedge fund	2	2.05	1,658,262	1.13
Trusts	7	7.14	413,902	0.28
Close corporation	1	1.02	70,000	0.05
Banks and brokers	3	3.06	45,846	0.03
Endowment fund	1	1.02	27,505	0.02
	96	**100.00**	**146,285,100**	**100.00**

Range of shareholding	**Number of shareholdings**	**%**	**Number of shares**	**%**
1 - 1 000 shares	26	26.53	5,944	-
1 001 - 10 000 shares	17	17.35	78,565	0.05
10 001 - 100 000 shares	34	34.69	1,671,817	1.14
100 001 - 1 000 000 shares	14	14.29	6,479,317	4.44
1 000 001 shares and over	5	7.14	138,049,457	94.37
	96	**100.00**	**146,285,100**	**100.00**

Shareholder spread analysis

To the best knowledge of the directors and after reasonable enquiry, as at 30 April 2018, the spread of shareholders, as defined in the JSE's listing requirements, were:

Public/non-public shareholding split

Type of shareholders	**Number of shareholders**	**Number of shares held**	**%**
Public	88	8,279,752	5.66
Non-public	8	138,005,348	94.34
	96	**146,285,100**	**100.00**

Analysis of non-public shareholders

Types of shareholders	**Number of shareholders**	**Number of shares held**	**%**
Directors	2	133,648,957	96.80
Employee share schemes	6	4,356,391	3.20
	8	**138,005,348**	**100.00**

All shareholders are South African.