Contents

Contacts

Board of Directors:
C Nethenqwe
N M O Hlophe

Company Secretary:
P Forsythe

Registered office:
5th Floor
Millennium Bridge House,
2 Lambeth Hill
London
EC4V 4GG

Registered no.:
England and Wales 5457445

Public Officer:
H Daware

Auditor:
KPMG LLP
Registered Auditor
15 Canada Square
London
E14 5GL

Statement of Directors' Responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and relevant and realiable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Report

The Directors of Education SPV Limited ("the Company") have pleasure in submitting their report on the annual financial statements for the year ended 31 December 2018.

Business activities

The principal activity of the Company is acting as an investment holding company.

Company registration number

The Company is registered in England and Wales with registration number 5457445.

Results of operations

The operating results and financial position of the Company are set out in the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes.

The financial statements of the Company can be obtained from Old Mutual Limited, 7th floor, Mutual Park, Jan Smuts Drive, Pinelands, Cape Town, 7405, South Africa.

The profit before tax was R36 487 000 (2017: R51 232 000), and the tax expense for the year was R2 233 800 (2017: R8 666 000).

Share capital

There was no change in the authorised or issued share capital of the Company in the current or prior year.

Holding Trust and Group

The Old Mutual Education Trust ("the Trust") is the ultimate beneficial owner of the entire issued share capital of the Company.

Principal Risks and Uncertainties

The principal risks and uncertainties of the Company arise from the ability of its investments to continue to pay dividends to the Company and any impairment of the valuation of these investments.

Key Performance Indicators ("KPIs")

The Company's Directors are of the opinion that the KPIs for the Company are best represented by the results set out in the statement of comprehensive income on page 7.

Dividends

Dividends of R17 000 000 were declared in the current period. (2017: R12 000 000).

Political and Charitable Contributions

The Company made no political or charitable donations and incurred no political expenditure during the year.

Indemnity Insurance

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will continue in office.

Strategic Report

The Company applied its exemption as a small business to not disclose a Strategic Report.

Directors' Report (continued)

Financial risk management and exposure

The Company's financial risk management objectives and policies, as well as the exposure of the Company to price risk, credit risk, liquidity risk and cash flow risk are set out in note 17.

Going concern

The board of directors has satisfied itself that the Company has adequate resources to continue in operation for the foreseeable future.

The Company has not made any formal decision regarding the future of the Company and expects the Company to be a going concern in the year ahead.

Directors

On 24 August 2018, Mr S Somdyala resigned as a director. Mr C Nethenqwe was appointed as a director on 29 March 2019.

The Directors currently holding office are:

C Nethenqwe
NMO Hlophe

No remuneration was payable to the Directors during the year.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board

C Nethenqwe
Director
Date: 12/08/19

Independent Auditor's Report to the members of Education SPV Limited

Opinion

We have audited the financial statements of Education SPV Limited ("the company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the members of Education SPV Limited

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company'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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the

Cheryl Mason (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Date: 13 AUGUST 2019

Statement of total comprehensive income

for the year ended 31 December 2018

R' 000	***Notes***	***2018***	*2017*
Revenue			
Investment income	*5*	**36 487**	51 232
Expenses		**-**	-
Profit before tax		**36 487**	51 232
Income tax expense	*6*	**(2 234)**	(8 666)
Profit for the financial year		**34 253**	42 566
Other comprehensive income		**-**	-
Total comprehensive profit		**34 253**	42 566

The notes on pages 11 to 22 form part of these financial statements.

Statement of financial position

at 31 December 2018

R' 000	Notes	2018	2017
Assets			
Investments and securities	7	**413 812**	408 120
Tax receivable		**-**	911
Cash and cash equivalents	8	**70 290**	39 495
Total assets		**484 102**	448 526
Liabilities			
Deferred tax liability	9	**10 754**	9 475
Amounts due to Group company	10	**133**	89
Dividends payable to The Old Mutual Education Trust		**17 000**	-
Total liabilities		**27 887**	9 564
Net assets		**456 215**	438 962
Shareholder's equity			
Share capital	11	**-**	-
Retained earnings		**456 215**	438 962
Total shareholder's equity		**456 215**	438 962

The notes on pages 11 to 22 form part of these financial statements.

The financial statements and accompanying notes as set out on pages 7 to 22 were approved by the Board of Directors on 12/09 2019, and are signed on its behalf by :

Company registration number 5457445

C Nethengwe
Director

Statement of changes in equity

for the year ended 31 December 2018

R' 000

2018	Share capital	Restated retained earnings	Total
Shareholder's equity at beginning of year	-	438 962	438 962
Profit for the financial year	-	34 253	34 253
Other comprehensive income	-	-	-
Total comprehensive income	-	34 253	34 253
Dividends paid	-	(17 000)	(17 000)
Shareholder's equity at end of year	-	456 215	456 215

2017	Share capital	Retained earnings	Total
Shareholder's equity at beginning of year	-	408 396	408,396
Profit for the financial year	-	42 566	42 566
Other comprehensive income	-	-	-
Total comprehensive income	-	42 566	42 566
Dividends paid	-	(12 000)	(12 000)
Shareholder's equity at end of year	-	438 962	438 962

Statement of cash flows

for the year ended 31 December 2018

R' 000	Notes	2018	2017
Cash flows from operating activities			
Profit before tax		**36 487**	51 232
Non-cash movements and adjustments to profit before tax	*15.1*	**(36 487)**	(51 232)
Changes in working capital	*15.2*	**44**	(33 321)
Dividends received		**30 624**	12 770
Dividends paid		**-**	(26 500)
Interest received		**171**	228
Taxation paid	*15.3*	**(44)**	(106)
Net cash from/(utilised) operating activities		**30 795**	(46 929)
Cash flows generated/(used) in financing activities		**-**	-
Net decrease in cash and cash equivalents		**30 795**	(46 929)
Cash and cash equivalents at beginning of year		**39 495**	86 424
Cash and cash equivalents at end of year	*8*	**70 290**	39 495

Notes to the annual financial statements

for the year ended 31 December 2018

1 General information

The Company operates as an investment holding company.

2 Accounting policies

2.1 Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations as adopted by the European Union (EU) and in accordance with the requirements of the Companies Act, 2006. The accounting policies applied are consistent with those of the previous year.

2.2 Basis of preparation

The financial statements have been prepared based on and in compliance with IFRS as adopted by the EU and are presented in South African Rand, the Company's functional currency.

The financial statements provide information about the financial position, results of operations and changes in financial position of the Company. They have been prepared under historical cost convention, as modified by the financial assets at fair value through profit or loss.

The Company has sufficient assets to settle its liabilities as and when they become due in the ordinary course of business.

The Company has not made any formal decision regarding the future of the Company, post the settlement of the Old Mutual debt, and expects the Company to be a going concern in the year ahead.

2.3 Taxation

Income tax charge for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in other comprehensive income. The effect on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to other comprehensive

A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available, against which the unutilised tax losses and deductible temporary differences can be used. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised and included within the tax charge.

Notes to the annual financial statements

for the year ended 31 December 2018

2 Accounting policies *(continued)*

2.4 *Financial instruments*

Financial instruments comprise of investments and securities and loans and advances, including an amount due to a Group company.

Classification and measurement of financial assets and financial liabilities

IFRS 9 replaces the provisions of IAS 39 'Financial instruments: Recognition and measurement' that relate to the recognition, classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies which are set out below:

Initial recognition of financial assets

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) which may include debt or equity instruments; or
- Fair Value through Profit and Loss (FVTPL).
  for sale.

A debt instrument is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as at FVTPL):

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All debt instrument financial assets that were not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Trust may irrevocably designate a debt instrument financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Initial recognition of financial assets

Transaction costs that are directly attributable to the acquisition of financial assets are expensed in profit or loss for financial assets initially classified at FVTPL. For financial assets not classified at FVTPL, transaction costs are added to or deducted from the fair value at initial recognition.

Subsequent measurement of financial assets

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net fair value gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Initial recognition of financial liabilities

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. On initial recognition financial liabilities are measured at fair value plus or minus, in the case of financial liabilities not classified at FVTPL, transaction costs that are incremental and directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

Subsequent measurement of financial liabilities

Fair value movements attributable to changes in the credit risk of a financial liability designated at FVTPL is recorded in other comprehensive income and not recycled to profit or loss. The balance of the fair value movement is recorded in profit or loss. Allocating fair value changes on these financial liabilities between profit or loss and other comprehensive income was not required by IAS 39.

Financial liabilities at amortised cost

These liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign currency exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes to the annual financial statements

for the year ended 31 December 2018

2 Accounting policies *(continued)*

2.4 Financial instruments (continued)

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model and results in credit losses being recognised earlier than under IAS 39. The new impairment model applies to financial assets measured at amortised cost (for example mandatory reserve deposits with central banks, loans and advances, trade and other receivables and cash and cash equivalents) and corporate debt investments. There is no impact of this change to the Trust as this is the first period of trading.

The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD). Of equal importance is sound correlation between these parameters and forward-looking economic conditions.

ECL reflects an entity's own expectations of credit losses. However, when considering all reasonable and supportable information that is available without undue cost or effort in estimating ECL, an entity should also consider observable market information about the credit risk of the particular financial instrument or similar financial instruments.

Forward-looking information includes, but is not limited to macro-economic conditions expected in the future. Forward-looking information used in the ECL calculation should reflect the nature and characteristics of the credit risk exposures. All reasonable and supportable information that is available should be used when incorporating forward-looking information in to the ECL allowance. Forward-looking assessments can be performed on an individual or collective basis. Forward-looking factors should be aligned with risk factors used in risk assessments, stress testing, budgeting as well as strategy and pricing decisions. Relevant factors include factors intrinsic to the entity and its business or derived from external conditions.

Trust's assessment

The Trust has elected to apply the IFRS 9 simplified approach in measuring expected credit losses. This uses a provision matrix when determining the lifetime expected loss allowance for all trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Trust considers quantitative and qualitative information, based on the Trust's historical experience, credit assessment and including forward-looking information. The Trust's assessment of a significant increase in credit risk from initial recognition consists of a primary and secondary risk driver as follows:

- The primary risk driver aligns to the quantitative credit risk assessments performed, such as the credit score, credit rating, probability of default or arrears aging of a financial instrument.
- The secondary risk assessment considers a broad range of qualitative risk factors based on a forward looking view such as economic and sector outlooks. The secondary risk assessment can be performed on a portfolio basis as opposed to a quantitative assessment at a financial instrument level.

A rebuttable assumption is that the credit risk since initial recognition has increased significantly if a financial instrument is 30 days past due on any payments or is one payment in arrears. It is not anticipated that this assumption will be rebutted.

Write-off policy

The Trust writes off a financial instrument at amortised cost when the entity has no reasonable expectation of recovery of the financial instrument. Determining when to write-off financial assets is a matter of judgement and incorporates both quantitative and qualitative information.

Measurement of expected credit losses

ECLs are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Trust expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For presentation the ECL allowances are deducted from the gross carrying amount of the assets. ECLs are presented separately in the profit or loss.

2.5 Dividends

Dividends payable to holders of equity instruments, are recognised in the period in which the dividend distribution is authorised and approved by the Company's shareholder.

Notes to the annual financial statements

for the year ended 31 December 2018

2 Accounting policies *(continued)*

2.6 Critical accounting estimates and judgements

The fair values of financial assets and liabilities are classified and accounted for in accordance with the policies set out in section 2.5 above. They are valued on the basis of listed market prices in so far as this is possible. If prices are not readily determinable, fair value is based either on internal valuation models or management estimates of amounts that could be realised under current market conditions. Fair values of derivative instruments are determined using pricing models that consist, among other factors, contractual and market prices, correlations, yield curves, credit spreads and volatility factors.

Assets are subject to regular impairment reviews or as required. Impairments are measured at the difference between the cost (or amortised cost) of a particular asset and the current fair value or recoverable amount. Impairments are recorded in profit or loss in the period in which they occur.

2.7 Share capital

Ordinary share capital is classified as equity if it is non-redeemable by the holder or if dividends are discretionary.

2.8 New accounting standards and interpretations adopted

The Company has adopted the following standards for the first time in the annual reporting period commencing 1 January 2018:

- IFRS 9 Financial instruments, and
- IFRS 15 Revenue from contracts with customers.

The adoption of these standards did not have any material impact on the current period.

Standards issued but not yet effective

IFRIC 23 Uncertainty over income tax treatments: issued by IASB in May 2017 and is effective from 1 January 2019. IFRIC 23 provides additional guidance on the application of IAS 12 Income Taxes.

The implementations of the above standard are not expected to have a material impact on the results reported within the Financial Statements on adoption.

Notes to the annual financial statements

for the year ended 31 December 2018

3 *Ultimate Parent Undertaking*

Old Mutual Limited, registered in South Africa, is the ultimate parent undertaking. The largest and smallest group in which the results of the Company are consolidated is Old Mutual Limited. Its financial statements are available directly from Old Mutual Limited, Mutualpark, Jan Smuts Drive, Pinelands, 7405.

4 *Statement of financial position - assets and liabilities*

The Company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are credit risk, market risk and liquidity risk. Market risk arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and/or conditions. Note 17 discusses the financial risk management of the Company. This section provides a detailed analysis of the composition of the financial assets and liabilities.

4.1 *Categories of financial instruments*

The analysis of assets and liabilities into their categories is set out in the following table. For completeness, assets and liabilities of a non–financial nature are reflected in the non–financial assets and liabilities category.

R' 000

At 31 December 2018	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Non-financial assets and liabilities	Total
Assets					
Investment and securities	-	-	413 812	-	413 812
Tax receivable	-	-	-	-	-
Cash and cash equivalents	70 290	-	-	-	70 290
Total assets	70 290	-	413 812	-	484 102
Liabilities					
Deferred tax liability	-	-	-	10 754	10 754
Amounts due to Group company	-	133	-	-	133
Dividends payable to OM Education Trust	-	17 000	-	-	17 000
Total liabilities	-	17 133	-	10 754	27 887

At 31 December 2017	Loans and receivables	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Non-financial assets and liabilities	Total
Assets					
Investment and securities	-	-	408 120	-	408 120
Tax receivable	-	-	-	911	911
Cash and cash equivalents	39 495	-	-	-	39 495
Total assets	39 495	-	408 120	911	448 526
Liabilities					
Deferred tax liability	-	-	-	9 475	9 475
Amounts due to Group company	33 410	-	-	-	33 410
Dividends payable to OM Education Trust	14 500	-	-	-	14 500
Total liabilities	47 910	-	-	9 475	57 385

Notes to the annual financial statements

for the year ended 31 December 2018

4 Statement of financial position - assets and liabilities *(continued)*

4.2 *Fair values of financial assets and liabilities*

Determination of fair value

All financial instruments, regardless of their IFRS 9 categorisation, are initially recorded at fair value. The fair value of a financial instrument on initial recognition is normally the transaction price, that is, the fair value of the consideration given or received. In certain circumstances, however, the initial fair value may be based on other observable current market transactions in the same instrument, without modification or repackaging, or on a valuation technique whose variables include only observable data.

Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for assets, which in certain circumstances includes using quotations from independent third parties such as brokers and pricing services, and offer prices for liabilities. When quoted prices are not available, fair values are determined by using valuation techniques that refer as far as possible to observable market data. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. A number of factors such as bid–offer spread, credit profile, servicing costs and model uncertainty are taken into account, as appropriate, when values are calculated using a valuation technique. Changes in the assumptions used in such valuations could impact the reported value of such instruments.

In general, none of the carrying amounts of financial assets and liabilities carried at amortised cost have a fair value significantly different to their carrying amounts. Such assets and liabilities are primarily comprised of variable–rate financial assets and liabilities that reprice as interest rates change, short-term deposits or current assets.

Investment and securities

The fair values of listed investments and securities are based on closing prices. For unlisted investments and securities, fair values are determined using valuation techniques that refer as far as possible to observable market data.

Other financial assets and liabilities

The fair values of other financial assets and liabilities are reasonably approximated by the carrying amounts reflected in the statement of financial position.

Fair value hierarchy

Fair values are determined according to the following hierarchy:
- Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.
- Level 2 – valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.
- Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

Notes to the annual financial statements

for the year ended 31 December 2018

4 *Statement of financial position - assets and liabilities (continued)*

4.2 *Fair values of financial assets and liabilities (continued)*

Fair value hierarchy (continued)

The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable and, for them, the derivation of fair value is more judgemental. A financial asset or liability in its entirety is classified as valued using significant unobservable inputs if a significant proportion of that asset or liability's carrying amount is driven by unobservable inputs. In this context, 'unobservable' means that there is little or no current market data available for which to determine the price at which an arm's length transaction would likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value. Furthermore, in some cases the majority of the fair value derived from a valuation technique with significant unobservable inputs may be attributable to observable inputs.

Consequently, the effect of uncertainty in determining unobservable inputs will generally be restricted to uncertainty about the overall fair value of the asset or liability being measured.

R' 000

Fair value hierarchy

At 31 December 2018	Level 1	Level 2	Total
Financial assets measured at fair value			
Designated as fair value through profit or loss			
Investments and securities	**413 812**	**-**	**413 812**
Total financial assets measured at fair value	**413 812**	**-**	**413 812**

At 31 December 2017	Level 1	Level 2	Total
Financial assets measured at fair value			
Designated as fair value through profit or loss			
Investments and securities	408 120	-	408 120
Total financial assets measured at fair value	408 120	-	408 120

Notes to the annual financial statements

for the year ended 31 December 2018

R' 000

5 *Investment income*

	2018	2017
Dividend income		
Investments and securities	**116 373**	12 770
Interest income		
Cash and cash equivalents	**171**	228
Fair value (losses)/gains		
Investment and securities	**(80 057)**	38 234
Included in statement of profit or loss and other comprehensive income	**36 487**	51 232

6 *Income tax expense*

	2018	2017
South African taxation		
Normal income tax - current year	**(48)**	(84)
Normal income tax - underprovision in prior year	**(907)**	(17)
Deferred tax - capital gains tax (CGT) - current year	**(1 279)**	(8 565)
	(2 234)	(8 666)

The tax charge for the year is disproportionate to profit for the year as dividend income is not taxable in terms of the Income Tax Act and capital gains and losses are taxed at different rates.

Reconciliation of taxation rate on profit before tax

	%	%
Standard rate of taxation	**28.0**	28.0
Adjusted for:		
Exempt income	**(89.3)**	(7.0)
Capital gains tax - rate difference	**67.4**	(4.2)
Effective tax rate	**6.1**	16.8

Notes to the annual financial statements

for the year ended 31 December 2018

R' 000

7 *Investments and securities*

	2018	2017
Financial instruments through profit or loss		
Equity investments - listed		
Nil (2017: 10 740 000) Old Mutual plc shares, at fair value	-	408 120
10 740 000 (2017: nil) Old Mutual Limited shares, at fair value	**240 576**	-
344 943 (2017: nil) Nedbank shares, at fair value	**94 763**	-
3 580 000 (2017: nil) Quilter shares, at fair value	**78 474**	-
	413 812	408 120

The Old Mutual Group has gone through Managed Seperation which involved its new holding company Old Mutual Limited (OML) listing on the Johannesburg Stock Exchange on the 26 June 2018. This therefore means the ultimate holding company has changed from Old Mutual plc to Old Mutual Limited.
For every one plc share, each shareholder received one OML share and for every three plc shares, one Quilter plc share was received. This equated to 10 740 000 OML shares and 3 580 000 Quilter plc shares. An additional 3.21176 Nedbank shares for every 100 OML shares was also provided.

8 *Cash and cash equivalents*

	2018	2017
Current account	**70 290**	39 495

The effective interest rate on short-term bank deposits was 6.55% (2017:6.55%) and has no maturity date as the term is same day.

9 *Deferred tax liability*

	At beginning 2018	Statement of comprehensive income charge	At end 2018
Unrealised capital gain	**9 475**	**1 279**	**10 754**
	9 475	**1 279**	**10 754**

	At beginning 2017	Statement of comprehensive income charge	At end 2017
Unrealised capital gain	910	8 565	9 475
	910	8 565	9 475

10 *Amounts due to Group company*

	2018	2017
Old Mutual Life Assurance Company (South Africa) Limited ("OMLAC(SA)")	**133**	89

The loan is unsecured, interest-free and not subject to fixed terms of repayment.

11 *Share capital*

	2018	2017
Authorised share capital		
1 000 ordinary shares of R1 each	**1**	**1**
Issued share capital		
3 ordinary shares of R1 each	-	-

Issued shares
2 ordinary shares were issued at incorporation on 19 May 2005. 1 ordinary share was issued on 13 March 2009.

Unissued shares
Subject to the restrictions imposed by the Companies Act 2006, the unissued shares are under the control of the Directors.

Notes to the annual financial statements

for the year ended 31 December 2018

12 Related party disclosures

Holding Trust

The Company's Holding Trust is The Old Mutual Education Trust, ultimately controlled by Old Mutual Limited.

Directors

Key management personnel and their close members of family, and entities which they control, jointly control or are ones over which they exercise significant influence are considered related parties to the Company.

The Directors as listed in the Directors' Report are considered to comprise key management personnel. No Directors' fees were paid or accrued during 2017 or 2018. As the directors are trustees on the Education Trust, their services to the SPV is incidental to them being on the Education Trust board.

Transactions

There were no material transactions with directors or their families during the current financial period.

Dividends received on Old Mutual Ltd shares held amounted to R108 465 000 (2017: R12 770 528).

Dividends received on Quilter shares held amounted to R7 908 000 (2017: nil)

Dividends of R17 000 000 was paid to The Old Mutual Education Trust during the year (2017: R12 000 000).
Audit fee will be paid on behalf of Education SPV Limited by the ultimate holding company.

Balances

The loan owed to Old Mutual Life Assurance Company (South Africa) Limited amounted to R 133 000 (2017: R 89 000).

Old Mutual Ltd shares held at fair value amounted to R413 812 000 the current year (2017: R408 120 000).

13 Auditor's remuneration

Audit fees for the Company are borne by OMLAC(SA). The audit fees for the year amounted to R81 322.

14 Employees

The Company has no employees. The Company's operations are undertaken by the employees of Old Mutual Life Assurance Company (South Africa) Limited and Old Mutual Residual UK Limited.

R' 000

15 Notes to the statement of cash flows

	2018	2017
15.1 Non-cash movements and adjustments to profit before tax consist of:		
Fair value (losses)/gains	**80 057**	(38 234)
Interest income	**(171)**	(228)
Dividend income	**(116 373)**	(12 770)
	(36 487)	(51 232)
15.2 Changes in working capital		
Changes in working capital comprise:		
Amounts due to/(from) Group company	44	(33 321)
	44	(33 321)
15.3 Taxation (payable)/refunded		
Taxation (payable)/refundable at beginning of year	**911**	906
Normal income tax as per note 6	**(955)**	(101)
Taxation (receivable)/payable due at end of year	**-**	(911)
	(44)	(106)

Notes to the annual financial statements

for the year ended 31 December 2018

16 Directors' interest and remuneration

There were no direct interests in shares or remuneration payable to the Directors during the current or prior year.

17 Financial risk management

Effective risk management is integral to the Company's objective of consistently adding value to shareholders. The focus of risk management is on identifying, assessing, managing and monitoring risk. Exposure to market risk and credit risk arises in the normal course of the Company's business.

The financial assets at fair value through profit or loss are exposed to market risk.

The Company has no exposure to currency risk.

17.1 *Credit risk*

Credit risk represents the risk that any counterparty may not be able to pay its obligations to the Company when due. Credit risk is managed through a process of establishing limits for exposure and monitoring exposure. Credit risk is the risk that an asset, in the form of a monetary claim against a counterparty, may not result in a cash receipt (or equivalent) in accordance with the terms of a contract.

The company is not exposed to significant credit risk.

17.2 *Market risk*

Market risk is the potential impact on earnings of unfavourable changes in foreign exchange rates, interest rates, prices, market volatilities and liquidity.

The financial assets at fair value through profit or loss are exposed to market risk.

The following table reflects the fair value of the investments and securities that would arise from a 10 percent change in the share price:

R' 000

At 31 December 2018	**Actual fair value**	**Fair value - 10% decrease in share price**	**Fair value - 10% increase in share price**
Asset			
Investment and securities	**413 812**	**372 431**	**455 194**

At 31 December 2017	Actual fair value	Fair value - 10% decrease in share price	Fair value - 10% increase in share price
Asset			
Investment and securities	408 120	367 308	448 932

17.3 *Capital adequacy*

The Company's capital is not actively managed and it is not subject to any minimum regulatory capital adequacy requirements.

17.4 *Interest rate risk*

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Company's earnings and the value of its assets, liabilities and capital.

The Company's exposure to interest risk is limited to interest earned on cash and cash equivalents which is earned at variable rates.

At the reporting date, the Company did not have significant exposure to interest rate risk.

Notes to the annual financial statements

for the year ended 31 December 2018

17 Financial risk management (continued)

17.5 Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

A policy statement for liquidity risk that governs liquidity risk has been adopted by OMLAC(SA). High level principles, roles and responsibilities and reporting requirements are set out in that policy statement document.

Key Principles:

The key principles under which OMLAC(SA) assumes liquidity risk, include a liquidity strategy at a Business Unit (BU) level for the day-to-day management and execution of liquidity risk, liquidity limits set by each BU and the monitoring of the Group's net funding requirement.

Roles & Responsibilities:

The Board of Directors are responsible for the effective management of liquidity risk, by putting the appropriate structure and processes in place. The OMLAC(SA) Audit, Risk and Compliance Committee is responsible for reviewing the adequacy and effectiveness.

The table below analyses assets and liabilities into current and non-current categories based on the remaining period at reporting date to settlement date or, if not subject to fixed terms of repayment, the intention as regards settlement period at the reporting date.

R' 000

At 31 December 2018	**Current assets**	**Non-current assets**	**Total**
Assets			
Investments and securities	-	413 812	413 812
Tax receivable	-	-	-
Cash and cash equivalents	70 290	-	70 290
Total assets	**70 290**	**413 812**	**484 102**
	Current liabilities	**Non-current liabilities**	**Total**
Liabilities			
Deferred tax liability	-	10 754	10 754
Amounts due to Group company	133	-	133
Dividends payable to OM Education Trust	17 000	-	17 000
Total liabilities	**17 133**	**10 754**	**27 887**

At 31 December 2017	Current assets	Non-current assets	Total
Assets			
Investments and securities	-	408 120	408 120
Tax receivable	911	-	911
Cash and cash equivalents	39 495	-	39 495
Total assets	40 406	408 120	448 526
	Current liabilities	Non-current liabilities	Total
Liabilities			
Deferred tax liability	-	9 475	9,475
Amounts due to Group company	89	-	89
Dividends payable to OM Education Trust	-	-	-
Total liabilities	89	9 475	9 564

18 Going concern

The Company has not made any formal decision regarding the future of the Company and expects the Company to be a going concern in the year ahead.