Notes to the Financial Statements

for the year ended 31 December 2015

1. Reporting entity

Trencor Limited (the 'company') is a company incorporated in the Republic of South Africa. The address of the company's registered office is 13th Floor, The Towers South, Heerengracht, Cape Town, 8001. The consolidated financial statements of the company as at and for the year ended 31 December 2015 comprise the company and its subsidiaries, as defined by IFRS 10 *Consolidated Financial Statements* ('IFRS 10'), together referred to as the 'group' and individually as 'group entity/ies', and the group's interest in associates. The group interests are primarily owning, leasing, managing and trading marine cargo containers worldwide, and related financing activities.

2. Basis of preparation

2.1 Statement of compliance

The consolidated and separate financial statements or otherwise referred to as 'group' and 'company' financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and its interpretations adopted by the International Accounting Standards Board, the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The financial statements were authorised for issue by the board of directors on 20 June 2016.

2.2 Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value; and
- available-for-sale financial assets are measured at fair value.

2.3 Functional and presentation currency

These consolidated and separate financial statements are presented in South African rand, which is the company's functional currency. All financial information has been rounded to the nearest million.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 34.

2.5 Adoption of new accounting standards

The adoption of the amendments to Annual improvements to IFRS 2010 – 2012 and IFRS 2011 – 2013 cycles has had no impact on current or comparative financial results.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements, and have been applied consistently by group entities.

3.1 Basis of consolidation

3.1.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date in accordance with IFRS 3 *Business Combinations.* The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the group in accordance with IFRS 10. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the case of the company, investments in subsidiaries are carried at cost, less accumulated impairment losses.

3.1.3 Changes in control

Changes in any group entity's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions ie transactions with owners in their capacity as owners. Accordingly, gains or losses which arise from acquisitions or disposals of non-controlling interests, calculated based on the carrying value of the assets and liabilities of the subsidiary, are recognised in equity (refer to note 18). When the relative ownership interests of the parent and non-controlling interest change, equity reserves are reallocated between the parent and the non-controlling interest to reflect the new ownership interests. Where there is a loss of control by the group over a subsidiary, the assets and liabilities and any related non-controlling interest and other components of equity of the subsidiary are derecognised. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value after control is lost.

3. Significant accounting policies (continued)

3.1.4 Non-controlling interests

An entity has a choice on a combination-by-combination basis to measure any non-controlling interest in the acquiree at either the proportionate share of the acquiree's identifiable net assets or fair value. The former approach has been elected for all combinations to date.

3.1.5 Associates (equity accounted investees)

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies in accordance with IAS 28 *Investment in Associates and Joint Ventures*. Investments in associates are accounted for using the equity method and are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition the consolidated financial statements include the group's share of profit or loss, other comprehensive income and equity movements of equity accounted investees, in accordance with accounting policies applied uniformly within the group, from the date that significant influence commences until the date that significant influence ceases. When the group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments that form part thereof is reduced to nil and recognition of further losses is discontinued except to the extent that the group entity has an obligation or made payments on behalf of the investee. Gains or losses arising on the dilution of investments in associates while maintaining equity accounting, are recognised in profit or loss and the net gain or loss attributable to the group is transferred to the appropriate reserve in equity (refer to note 18).

3.1.6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss except for differences arising on the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

3.2.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to SA rand at exchange rates at the reporting date. The income and expenses of foreign operations are translated to SA rand at rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, in part or in full, such that control or significant influence is lost, the relevant amount in the foreign currency translation reserve is reclassified to profit or loss as part of the gain or loss on disposal.

When only part of an interest is disposed in a subsidiary that includes a foreign operation while retaining control, as defined, the relevant proportion of the cumulative amount is attributed to non-controlling interests. When only part of an associate is disposed while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.3 Financial instruments

3.3.1 Non-derivative financial instruments

Non-derivative financial assets are classified into the following categories: available-for-sale financial assets, financial assets at fair value through profit or loss, and loans and receivables. Non-derivative financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable costs. Loans and receivables are recognised on the date that they are originated. All other financial instruments (including assets designated at fair value through profit or loss) are recognised initially on the trade date which is the date that a group entity becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial assets are derecognised if a group entity's contractual rights to the cash flows from the financial assets expire or if a group entity transfers the right to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the asset transferred. Any interest in the transferred financial assets that is created or retained by a group entity is recognised as a separate asset or liability. A group entity derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Available-for-sale financial assets
Investments in equity securities are classified as available-for-sale financial assets, unless they meet the requirements of another IAS 39 financial instrument classification. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (refer to note 3.8), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is reclassified to profit or loss.

Assets at fair value through profit or loss
An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if a group entity manages such instruments and makes purchase and sale decisions based on their fair value in accordance with the group entity's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein, including any interest or dividend income, are recognised in profit or loss.

Long-term receivables are designated at fair value through profit or loss. Sales under long-term credit agreements are discounted to their net present value at rates considered appropriate, having regard to their terms and the currency in which they are written. The deferred portion of income is recognised over the period of the agreements on a basis which produces a constant periodic rate of return. At the financial year-end, receivables denominated in foreign currencies are translated at rates of exchange ruling at the reporting date. Any gains or losses arising from this translation are recognised in profit or loss.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables and cash and cash equivalents.

In the case of the company, the long-term receivable represents the participation in export partnerships and, subsequent to initial recognition, is measured at amortised cost less impairment losses. Amortised cost is the company's cost of the original participation plus its share of the gross profit less the share of the subsequent net amounts received as partner in the partnerships.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are carried at amortised cost.

Non-derivative financial liabilities
Debt securities issued and subordinated liabilities are initially recognised on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which a group entity becomes a party to the contractual provisions of the instrument. Debt issuance costs are capitalised and amortised over the term of the debt as required by application of the effective interest method.

Financial liabilities and other financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise borrowings and trade and other payables.

The amounts attributable to third parties in respect of long-term receivables are designated at fair value through profit or loss. To determine fair value, the amounts are discounted to their net present value at a rate considered appropriate, having regard to their term and their denominated currency. The deferred portion of expenditure is allocated over the period of the agreements on a basis which produces a constant periodic rate of return.

3.3.2 Derivative financial instruments
Derivative financial instruments are held to economically hedge foreign exchange and interest rate risk exposures arising from operational, financing and investing activities.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition derivatives are measured at fair value. Hedge accounting is not applied to such derivative financial instruments therefore the gain or loss on re-measurement to fair value is recognised in profit or loss.

3. Significant accounting policies (continued)

3.3.3 Offsetting

Financial assets and liabilities are off-set and the net amount presented in the statement of financial position when a group entity has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

3.3.4 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends (treated as distributions within equity) are recognised as a liability in the period in which they are declared.

3.4 Property, plant and equipment

3.4.1 Recognition and measurement

Items of property, plant and equipment, which includes improvements made to leasehold premises are measured at cost less accumulated depreciation (refer to note 3.4.3) and accumulated impairment losses (refer to note 3.8). Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment (other than containers in the leasing fleet) are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised on a net basis within other income in profit or loss. When containers in the leasing fleet cease to be rented or become held for sale they are transferred to inventory at their carrying amounts. On disposal the proceeds on the sale of these assets are recognised in revenue in accordance with IAS 18 *Revenue* (refer to note 3.9.1) and the carrying value is included in changes in inventories.

3.4.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to a group entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3.4.3 Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leasehold improvements are depreciated over the shorter of the lease term or their useful lives. The estimated useful lives for the current and comparative periods are as follows:

	Years
Container leasing equipment	
Non-refrigerated containers other than open top and flat rack containers	13
Refrigerated containers	12
Tanks	20
Open top and flat rack containers	14
Plant and machinery	9
Motor vehicles	4 – 5
Other equipment	3 – 10

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

3.5 Intangible assets and goodwill

Goodwill represents the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum described above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

Goodwill is measured at cost less accumulated impairment losses. Intangible assets consist of exclusive rights to manage various fleets of containers and are measured at cost less accumulated amortisation (refer to note 3.5.2) and accumulated impairment losses (refer to note 3.8).

3.5.1 Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure is expensed as incurred.

3.5.2 Amortisation

Intangible assets with finite useful lives are amortised over their useful lives. Container management contracts are amortised based on the fees generated from the underlying container management agreements (which reflect the pattern in which the asset's future economic benefits are expected to be consumed by a group entity). Goodwill is not amortised.

The estimated useful lives are reassessed annually and are as follows for the current and comparative periods:

	Years
Container management contracts	11 – 13

3.6 Net investment in finance leases

Amounts due from lessees under finance leases are recorded as finance lease receivables at the amount of the group entities' net investment, which comprises the present value of the minimum lease payments and any un-guaranteed residual value accruing to the lessor.

The present value is calculated by discounting the minimum lease payments due and any un-guaranteed residual value, at the interest rate implicit in the lease. Initial direct costs are included in the calculation of the finance lease receivable, because the interest rate implicit in the lease, used for discounting the minimum lease payments, takes initial direct costs incurred into consideration. Contingent rentals are excluded from the minimum lease payments and are recognised as they are incurred.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

3.8 Impairment

3.8.1 Financial assets

At each reporting date it is assessed whether there is objective evidence that financial assets not carried at fair value through profit or loss, are impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to a group entity on terms that a group entity would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, and the disappearance of an active market for a security or observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Evidence of impairment for receivables is considered at both an individual asset and collective level. All individually significant receivables are assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, consideration is given to historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a group entity considers that there are no realistic prospects of recovery of the receivable, the relevant amounts are written off. When a subsequent event causes the amount of impairment loss to decrease, and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

An impairment loss in respect of an available-for-sale financial asset is calculated with reference to its current fair value. Impairment losses on available-for-sale investment securities are recognised by reclassifying the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale equity security subsequently increases and the increase can be related objectively to an event occurring after the impairment was recognised, then the impairment loss is reversed through other comprehensive income.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3.8.2 Non-financial assets

At each reporting date, the carrying amounts of non-financial assets (other than inventories and deferred tax assets) are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

3. Significant accounting policies (continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Revenue

3.9.1 Goods sold

Revenue from the sale of goods, principally containers, is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised in profit or loss when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing managerial involvement with the goods, and the amount of revenue can be measured reliably.

3.9.2 Leasing income

Marine cargo containers

Leasing income arises principally from operating and finance leases.

Under operating leases, container equipment owned by group entities is rented to various shipping lines and revenue is earned and recognised evenly over the period that the equipment is on lease, according to the terms of the contracts. These contracts are typically for terms of five years or less. Considerations received in advance for future operating lease payments are discounted to their present values and deferred over the lease term. Under finance leases, containers are leased for the remainder of the container's useful life with a purchase option at the end of the lease term. The revenue recognised at the commencement of a finance lease, where a group entity is the lessor, is the fair value of the asset or if lower, the present value of the minimum lease payments accruing to the group entity, computed at a market rate of interest. The revenue associated with the sale of goods which are subject to finance leases is accounted for in terms of the accounting policy for goods sold (see note 3.9.1). The cost of sales recognised at the commencement of the lease term is the cost, or carrying amount if different, of the leased item less the present value of the unguaranteed residual value.

Leasing income in respect of finance lease receivables is earned and recognised over the lease term so as to produce a constant periodic rate of return on the net investment in the lease.

The leases generally require the lessee to pay for any damage to the container beyond normal wear and tear at the end of the lease term. A Damage Protection Plan ('DPP') is offered to certain lessees. In terms of the DPP, an amount is charged, in addition to lease rentals, primarily on a daily basis and the lessees are no longer obligated for certain future repair costs for containers subject to the DPP. These revenues are recognised as earned on a daily basis over the related term of the lease.

Revenue and related expense has not been recognised under the DPP for customers who are charged at the end of the lease term or for other lessees who do not participate in the DPP. Based on past history, there is uncertainty as to the collectability of these amounts from lessees who are billed at the end of the lease term because the amounts due under the DPP are typically renegotiated at the end of the lease term or the lease term is extended.

3.9.3 Management fees

Management fees consist of fees earned by group entities for services related to the management of container equipment, reimbursements of administrative services necessary for the operation and management of equipment and net acquisition fees and sales commissions earned on the acquisition and sale of equipment. Management fees are earned under management agreements on an as earned basis. Fees are typically calculated as a percentage of net operating income due to the owners of the fleets managed (which is revenue from the containers under management minus direct operating expense related to those containers).

3.9.4 Realised and unrealised exchange gains

Revenue includes realised and unrealised exchange gains arising from the translation of long-term receivables, as these are considered to be part of the operating activities of the container finance segment.

3.9.5 Dividend income and distributions from trust

In the case of the company, revenue comprises dividend income and distributions from trust and is recognised when the right to receive payment is established.

3.10 Expenses

3.10.1 Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

3.10.2 Net finance expenses

Interest expense comprises the effective interest expense on financial liabilities measured at amortised cost. Capitalised debt issuance costs which are amortised over the term of the debt are included in interest expense as required by application of the effective interest method.

Interest income, other than that arising in respect of finance lease receivables (refer note 3.9.2), is recognised in profit or loss as it accrues, using the effective interest method.

Fair value gains or losses on interest rate swaps are included in finance expenses.

3.11 Employee benefits

3.11.1 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the year in which the employee renders the related service. The accruals for employee entitlements to remuneration and annual leave represent the amount which group entities have a present obligation to pay as a result of employees' services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current remuneration rates.

3.11.2 Retirement benefits

Certain of the group entities contribute to defined contribution retirement funds. A defined contribution fund is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to these funds are recognised in profit or loss in the period during which services are rendered by employees.

3.11.3 Share-based payments transactions

The company and certain group entities grant share options to certain employees under share option plans which are all classified as equity-settled. The grant date fair value of share-based awards granted is recognised as an expense with a corresponding increase in equity over the vesting period of the awards. The fair value is measured at grant date using the Actuarial Binomial Model or Black-Scholes-Merton ('Black-Scholes') option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted for service and non-market performance conditions, so as to reflect the actual number of share-based awards that vest.

3.12 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the estimated 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 tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, based on the tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are off-set if there is a legally enforceable right to off-set current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.13 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of the company by the weighted average number of shares outstanding during the period.

3.14 Accounting standards and interpretations in issue but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these financial statements. The standards and interpretations which may be relevant to the company and group entities are set out below, although early adoption is not anticipated.

Effective for the financial year commencing 1 January 2016

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments IAS 38)

The amendments to IAS 38 *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

3. Significant accounting policies (continued)

A group entity currently has several intangible assets that are amortised using a revenue-based method. The above-mentioned rebuttable presumption cannot be overcome, and consequently the amortisation method for these items will have to change. It has been determined that the straight-line method is the most appropriate amortisation method.

The amendment applies prospectively for annual periods beginning on or after 1 January 2016.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 *Business Combinations.* Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Disclosure Initiative (Amendments to IAS 1)
The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, other comprehensive income of equity accounted investees and sub-totals presented in the statement of financial position and statement of comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016.

Effective for the financial year commencing 1 January 2018

IFRS 15 Revenue from Contracts with Customers
This standard replaces IAS 18 *Revenue*. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will have limited impact on the group due to the nature of the revenue earned by group entities. The impact is currently being assessed and more information will be provided in financial statements for the year ending 31 December 2016.

IFRS 9 Financial Instruments
On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement.*

This standard will result in changes in the measurement bases of the group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an 'incurred loss' model from IAS 39 to an 'expected credit loss' model, which could increase the provision for bad debts recognised in the group.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted. The impact of the standard is currently being assessed.

Effective for the financial year commencing 1 January 2019

IFRS 16 Leases
IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 *Leases*, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the statement of financial position.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The impact of the standard is currently being assessed, although no significant changes are anticipated for lessors.

4. Property, plant and equipment

	Group				
	Leasehold improvements Rm	Container leasing equipment Rm	Plant and machinery Rm	Other equipment and motor vehicles Rm	Total Rm
Cost					
2014					
Balance at the beginning of the year	18	42 083	20	92	42 213
Additions	1	8 648	–	4	8 653
Effect of movements in exchange rates	2	4 751	2	9	4 764
Transfer to container inventory	–	(1 923)	–	–	(1 923)
Transfer to finance leases	–	(960)	–	–	(960)
Disposals	–	–	(2)	–	(2)
Balance at the end of the year	21	52 599	20	105	52 745
2015					
Additions	**–**	**6 080**	**–**	**15**	**6 095**
Effect of movements in exchange rates	**8**	**18 782**	**7**	**37**	**18 834**
Transfer to container inventory	**–**	**(3 139)**	**–**	**–**	**(3 139)**
Transfer to finance leases	**–**	**(199)**	**–**	**–**	**(199)**
Disposals	**–**	**–**	**(2)**	**–**	**(2)**
Balance at the end of the year	**29**	**74 123**	**25**	**157**	**74 334**
Accumulated depreciation and impairment losses					
2014					
Balance at the beginning of the year	14	5 603	16	75	5 708
Depreciation for the year	2	1 868	–	9	1 879
Effect of movements in exchange rates	2	679	2	7	690
Impairment loss for the year (refer to note 22)	–	18	–	–	18
Transfer to container inventory	–	(416)	–	–	(416)
Transfer to finance leases	–	(43)	–	–	(43)
Disposals	–	–	(2)	–	(2)
Balance at the end of the year	18	7 709	16	91	7 834
2015					
Depreciation for the year	**1**	**2 590**	**–**	**10**	**2 601**
Effect of movements in exchange rates	**7**	**3 090**	**5**	**31**	**3 133**
Impairment loss for the year (refer to note 22)	**–**	**1 912**	**–**	**–**	**1 912**
Transfer to container inventory	**–**	**(777)**	**–**	**–**	**(777)**
Transfer to finance leases	**–**	**(3)**	**–**	**–**	**(3)**
Disposals	**–**	**–**	**(2)**	**–**	**(2)**
Balance at the end of the year	**26**	**14 521**	**19**	**132**	**14 698**
Carrying amounts:					
At 1 January 2014	4	36 480	4	17	36 505
At 31 December 2014	3	44 890	4	14	44 911
At 31 December 2015	**3**	**59 602**	**6**	**25**	**59 636**
Net book value of assets encumbered as security for interest-bearing borrowings (refer to note 19):					
At 31 December 2014	–	44 890	–	–	44 890
At 31 December 2015	**–**	**59 602**	**–**	**–**	**59 602**

4. Property, plant and equipment (continued)

4.1 Container fleet impairment

An impairment loss of R1 912 million, (with no cash flow effect in the financial year) has been recognised in respect of the container fleets of Textainer Group Holdings Limited ('Textainer') and TAC Limited ('TAC'). These entities are included in the container owning, leasing, management and trading segment (refer to note 30), as cash flows for the same types of containers are independent of cash flows of different container types, and are interchangeable with any other container of the same type within the container fleet.

4.1.1 R1 770 million (2014: R nil) of the impairment loss was incurred at 31 December 2015 as a result of testing the container fleets for impairment in accordance with the accounting policy on impairment (refer to note 3.8.2). Observable evidence that indicated an impairment existed was a decline in market conditions in 2015 mainly due to low trade growth and the collapse of iron ore and steel prices. New container rental rates are directly correlated to new container prices and interest rates. The combination of falling container prices and low interest rates led to significant declines in both new and depot container rental rates. Used container prices also declined due to lower new container prices and demand.

4.1.2 A further impairment loss of R142 million (2014: R18 million) was incurred in respect of containers on operating leases not recovered from defaulting customers.

For the purposes of calculating the impairment loss, the container fleets were grouped by ownership entity and then by CGU. CGUs were defined as containers grouped by container type, as cash flows for the same type of containers are independent of cash flows of different container types, and are interchangeable with any other container of the same type within the container fleet.

The recoverable amounts and impairment amounts of the CGUs which were impaired are as follows:

	Group		
Container type	Net book value Rm	Recoverable amount Rm	Impairment Rm
20' Flatrack	**11**	**10**	**1**
20' Dry freight	**1 329**	**1 227**	**102**
20' Refrigerated	**251**	**242**	**9**
40' Hi cube	**24 646**	**23 139**	**1 507**
40' Dry freight	**3 353**	**3 242**	**111**
40' Refrigerated	**384**	**344**	**40**
	29 974	**28 204**	**1 770**

The recoverable amount of a CGU has been calculated based on its value in use. The pre-tax discount rates used to discount the future estimated cash flows were 4,8% and 5,7% for Textainer and TAC, respectively. Projected future cash flows were estimated using the assumptions that are part of the long-term planning forecasts of the entities concerned. Some of the significant estimates and assumptions used to determine future expected cash flows were: expected future lease rates, expected utilisation, remaining useful lives, remaining on-hire periods for expired fixed term leases, expected future lease rates, direct container expenses and expected disposal prices of containers. In performing the impairment analysis, assumptions used reflected the contractually stipulated per diem rates, with renewal based on current market rates.

4.2 Residual values and change in estimate

Residual values of the container fleets were reassessed due to a significant decline in container prices during the latter part of 2015. In accordance with IAS16 *Property, Plant and Equipment* residual values are the estimated amounts that the group entities would currently obtain at the financial reporting date from the disposal of containers, after deducting the estimated costs of disposal, if the containers were already of the age and in the condition expected at the end of their useful lives. The reassessment of residual values is accounted for prospectively as a change in accounting estimate from the date of change of estimate, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.* The residual values for certain container types were revised at 30 June 2015 and has resulted in additional depreciation of R150 million in 2015. Due to a further decline in container prices, residual values were revised again in accordance with IFRS at 31 December 2015 and will result in additional estimated depreciation in 2016 of R1 448 million over what it would have been had the residual values not been revised. This estimate presumes no material changes to the composition of the container fleets and no significant changes to market factors prevailing at 31 December 2015. Changes in these factors will influence the depreciation actually charged in future periods.

4.3 For commitments in respect of property, plant and equipment refer to note 28.

5. Intangible assets and goodwill

	Group		
	Goodwill Rm	Container management contracts Rm	Total Rm
Cost			
2014 (Restated)			
Balance at the beginning of the year	116	567	683
Effect of movements in exchange rates	12	58	70
Disposals	–	(3)	(3)
Balance at the end of the year	128	622	750
2015			
Effect of movements in exchange rates	**44**	**214**	**258**
Balance at the end of the year	**172**	**836**	**1 008**
Accumulated amortisation			
2014			
Balance at the beginning of the year	–	262	262
Amortisation for the year	–	43	43
Effect of movements in exchange rates	–	30	30
Disposals	–	(1)	(1)
Balance at the end of the year	–	334	334
2015			
Amortisation for the year	**–**	**60**	**60**
Effect of movements in exchange rates	**–**	**128**	**128**
Balance at the end of the year	**–**	**522**	**522**
Carrying amounts:			
At 1 January 2014 (Restated)	116	305	421
At 31 December 2014 (Restated)	128	288	416
At 31 December 2015	**172**	**314**	**486**

5.1 The amortisation charge is recognised in other operating expenses in the statement of comprehensive income. No impairment losses have been recognised against these assets during the current or previous financial year.

5.2 The disposals represent the reduction arising from the relinquishment of management rights following the purchase of containers from a previously managed fleet.

5.3 The goodwill arose on the step-up to control for TAC as at 1 July 2013 (refer to note 35) and, for the purposes of impairment testing, has been allocated to the container owning, leasing, management and trading segment in line with synergies expected to be obtained from this business combination. Goodwill was tested for impairment by comparing the carrying values of the CGUs within this segment to the respective recoverable amounts (ie value in use), using the future cash flow and discount rate assumptions described in note 4. There was no indication that the goodwill was impaired based on the analysis performed at 31 December 2015 and 2014.

6. Investment in equity accounted investees

	Group	
	2015 Rm	2014 Rm
The carrying amount and share of profit of the associate at 31 December are as follows:		
Carrying value of associate	**145**	92
Share of profits	**9**	4
Extract from associate's statement of cash flows		
Cash outflows from operating activities	**(19)**	(53)
Cash inflows from financing activities	**24**	50

Textainer has a 25% investment in TW Container Leasing Limited, which is not listed, and leases containers under finance leases.

	Company	
	2015 Rm	2014 Rm
7. Other investments		
Equity instruments available-for-sale		
Unlisted shares	**45**	66

7.1 The investments represent a 15% interest in the companies that own and operate Grand Central Airport in Midrand, Gauteng.

7.2 The fair value of the investment is based on the latest valuation of the property in the property owning company, using the Depreciated Replacement Cost method, undertaken by an independent valuer.

8. Interest in subsidiaries		
Ordinary shares at cost	**408**	408
Preference shares including amortisation adjustment	**1 013**	1 013
Investment in subsidiaries before impairment loss	**1 421**	1 421
Less impairment loss	**(351)**	(351)
Investment in subsidiaries	**1 070**	1 070
Amount due to subsidiary – long-term	**(842)**	(768)
	228	302

8.1 Amount due to subsidiary is unsecured and interest free and is repayable at 367 days' notice.

8.2 Income earned from subsidiaries during the year included in profit or loss:

Capital distribution from trust (refer to note 22)	**419**	324

8.3 The impairment loss arose on impairment of the company's investment in certain subsidiaries to net asset value.

8.4 List of material subsidiaries

	2015 %	2014 %	Place of registration
Indirect beneficiary interests:			
Halco Holdings Inc ('Halco')	**100**	100	British Virgin Islands
Textainer Group Holdings Limited	**48,3**	48,0	Bermuda
TAC Limited	**100**	44,3	Bermuda
Indirect interests:			
Leasecon International Inc	**100**	100	British Virgin Islands
Trencor Containers Proprietary Limited	**100**	100	Republic of South Africa
Direct interests:			
Trencor Services Proprietary Limited	**100**	100	Republic of South Africa

Textainer

Although Halco holds less than 50% of the issued shares in Textainer, for purposes of IFRS it is treated as controlling Textainer on a de facto basis because the remaining voting rights are widely dispersed and there is no indication that all other shareholders exercise their votes collectively. Trencor's interest in Textainer is a beneficiary interest through Halco under the Halco Trust.

TAC

Up to 17 December 2015, although Halco held less than 50% of the issued shares in TAC, for purposes of IFRS it was treated as controlling TAC because Halco held an option to acquire the remaining 55,7% of TAC which it did not already own, which was exercisable and was substantive in nature. Halco exercised the option on 18 December 2015 and now holds 100% of the issued shares in TAC. Trencor's interest in TAC is a beneficiary interest through Halco under the Halco Trust.

8.5 Non-controlling interests

The following subsidiaries have material non-controlling interests:

	Ownership interests held by non-controlling interests (%) 2015	2014
Textainer	**51,7**	52,0
TAC	**–**	55,7

The following is summarised financial information for Textainer and TAC, prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the accounting policies reflected in note 3. The information is before inter-company eliminations with other group entities.

	Textainer		TAC	
	2015 Rm	2014 Rm	**2015 Rm**	Restated 2014 Rm
Revenue	**8 379**	7 368	**610**	574
Profit/(Loss)	**71**	1 893	**(325)**	106
*Profit attributable to non-controlling interests**	***43***	*1 006*	***46***	*59*
Other comprehensive income	**4 773**	1 252	**168**	30
Total comprehensive income/(loss)	**4 844**	3 145	**(157)**	136
*Total comprehensive income attributable to non-controlling interests**	***2 674***	*1 694*	***115***	*73*
Non-current assets	**58 522**	44 657	**–**	2 974
Current assets	**4 957**	3 472	**–**	281
Non-current liabilities	**(43 046)**	(29 929)	**–**	(2 694)
Current liabilities	**(2 619)**	(4 094)	**–**	(255)
Indirect non-controlling interest	**(540)**	(420)	**–**	–
Net assets	**17 274**	13 686	**–**	306
Net assets attributable to non-controlling interests	***8 939***	*7 121*	**–**	*171*
Cash (outflow)/inflow from operating activities	**(154)**	(3 095)	**221**	102
Cash inflow from investing activities	**322**	16	**–**	–
Cash (outflow)/inflow from financing activities	**(116)**	2 974	**(277)**	(30)
Net increase/(decrease) in cash and cash equivalents	**52**	(105)	**(56)**	72
Dividends paid to non-controlling interest during the year included in cash flow from operating activities	**626**	595	**–**	11

* Including indirect non-controlling interests.

	Group 2015 Rm	Group 2014 Rm
9. Net investment in long-term receivables		
Net investment in long-term receivables comprises:		
Long-term receivables	**506**	498
Amounts attributable to third parties in respect of long-term receivables	**(71)**	(85)
	435	413
Represented by:		
Total receivables	**1 022**	1 003
Less deferred income	**1**	6
Net present value of long-term receivables	**1 021**	997
Less amounts attributable to third parties in respect of long-term receivables	**121**	158
Total amount	**126**	165
Less deferred expenditure	**5**	7
Net present value of net investment in long-term receivables	**900**	839
Less fair value adjustment to net investment relating to:	**345**	275
Long-term receivables	**381**	318
Amounts attributable to third parties in respect of long-term receivables	**(36)**	(43)
	555	564
Less current portion of net investment included in:	**120**	151
Current assets	**134**	181
Current liabilities	**(14)**	(30)
	435	413

9.1 Total gross receivables in base currency amounted to US$66 million (2014: US$87 million).

9.2 Long-term receivables are valued by discounting future cash flows. The discount rate applied to the receivables (denominated in US$) is 8,5% p.a. (2014: 8,5% p.a.). An appropriate fair value adjustment is made to the net investment for the estimated timing of receipt and the possible non-collectability of these receivables, and the related effect on the payment of amounts attributable to third parties. The net present value of the long-term receivables and the related fair value adjustment were translated into SA rand at US$1=R15,53 (2014: US$1=R11,54). Approximately 99% (2014: 98%) of the net adjustment relates to the estimated timing of receipt and is in the nature of deferred income and approximately 1% (2014: 2%) relates to the possible non-collection of these receivables. There has been a base currency decrease equal to R15 million (2014: R10 million increase) in the fair value adjustment.

9.3 The amounts attributable to third parties in respect of the long-term receivables are denominated in SA rand and are valued by discounting future cash flows at 10% p.a. (2014: 10% p.a.). These become due as and when the proceeds from the related long-term receivables are received.

9.4 The amounts attributable to third parties in respect of the long-term receivables are made up as follows:

	2015 Rm	2014 Rm
Total amounts attributable to third parties	**126**	165
Less deferred expenditure	**5**	7
Net present value of amounts attributable to third parties	**121**	158
Fair value adjustment	**(36)**	(43)
Fair value of amounts attributable to third parties	**85**	115
Current portion	**(14)**	(30)
	71	85

10. Net investment in finance leases

	Group					
	Minimum lease payments	**Unearned finance income**	**Present value of minimum lease payments**	Minimum lease payments	Unearned finance income	Present value of minimum lease payments
	2015			2014		
	Rm	**Rm**	**Rm**	Rm	Rm	Rm
Amounts receivable under finance leases:						
Within one year	**931**	**173**	**758**	832	180	652
Between one and five years	**1 605**	**162**	**1 443**	1 851	223	1 628
After five years	**23**	**1**	**22**	35	1	34
	2 559	**336**	**2 223**	2 718	404	2 314

	Group	
	2015 Rm	2014 Rm
Present value of minimum lease payments analysed as:		
Non-current finance lease receivables	**1 465**	1 662
Current finance lease receivables included in current assets	**758**	652
	2 223	2 314

10.1 Net investment in finance leases represents amounts receivable in respect of containers leased to shipping lines under finance lease agreements. These agreements provide that the containers are leased for their useful lives with a bargain purchase option at the end of the lease term. There are no contingent rentals.

10.2 The interest rates inherent in the leases are fixed at the contract date for the full term of the leases. The average effective interest rate contracted approximates 8,57% p.a. (2014: 9,28% p.a.).

10.3 Unguaranteed residual values of assets leased under finance leases at the reporting date are estimated at R33 million (2014: R38 million).

10.4 The net investment in finance leases has been pledged as security for a loan (refer to note 19).

10.5 The fair value of the net investment in finance leases is R2 203 million (2014: R2 291 million) (refer to note 31). No impairment loss has been recognised as the difference between carrying value and fair value resulted from changes in current market interest rates without any changes to future contractual cash flows.

11. Derivative financial instruments

	Group				
	Final maturity	Underlying	Notional amount of contracts outstanding Rm	Fair value Assets Rm	Fair value Liabilities Rm
Derivative financial instruments at 31 December comprise:					
2015					
Type of contract					
Interest rate cap contracts	December 2016	Interest rates	**6 864**	**–**	**–**
Interest rate swap contracts	July 2023	Interest rates	**21 336**	**10**	**40**
				10	**40**
2014					
Type of contract					
Interest rate cap contracts	December 2015	Interest rates	7 216	–	–
Interest rate swap contracts	July 2023	Interest rates	13 993	14	20
				14	20

11.1 The interest rate cap and swap contracts have been recorded at fair value and the related fair value adjustments recorded in profit or loss. The fair value of the interest rate cap contracts is nil due to settlement at each month-end.

11.2 The variable interest rate debt principal outstanding amounted to R39 346 million at 31 December 2015 (2014: R28 541 million) of which R28 200 million (2014: R21 209 million) in notional value was covered by interest rate cap and swap contracts.

11.3 Textainer uses FINCAD Analytics Suite, a third party valuation software, to perform the fair valuation of its interest rate swap transactions. The fair valuation of interest rate swaps is derived from the discounting of future net cash flows utilising the US dollar swap curve (US$ LIBOR) and incorporates an appropriate credit risk adjustment.

12. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group					
	Assets		Liabilities		Net	
	2015 Rm	2014 Rm	**2015 Rm**	2014 Rm	**2015 Rm**	2014 Rm
Property, plant and equipment	**–**	–	**448**	259	**448**	259
Net investment in long-term receivables	**–**	–	**121**	100	**121**	100
Investments	**–**	–	**8**	12	**8**	12
Export partnerships	**–**	–	**–**	1	**–**	1
Inventories	**–**	–	**11**	5	**11**	5
Trade and other receivables	**–**	–	**3**	14	**3**	14
Trade and other payables	**(13)**	(22)	**–**	–	**(13)**	(22)
Share-based payments	**(29)**	(45)	**–**	–	**(29)**	(45)
Tax loss carry-forwards	**(303)**	(180)	**–**	–	**(303)**	(180)
Deferred income	**–**	–	**6**	67	**6**	67
Tax (assets)/liabilities	**(345)**	(247)	**597**	458	**252**	211
Set-off of tax	**326**	223	**(326)**	(223)	**–**	–
Net tax (assets)/liabilities	**(19)**	(24)	**271**	235	**252**	211

Movement in temporary differences during the year:

	Group					
	Balance at the beginning of the year Rm	Recognised in profit or loss Rm	Recognised in equity Rm	Exchange adjustment in equity Rm	Long-term receivables Rm	Balance at the end of the year Rm
2014						
Property, plant and equipment	193	43	–	23	–	259
Net investment in long-term receivables	114	(15)	–	–	1	100
Investments	12	–	–	–	–	12
Export partnerships	1	–	–	–	–	1
Inventories	6	(2)	–	1	–	5
Trade and other receivables	7	6	–	1	–	14
Trade and other payables	(16)	(4)	–	(2)	–	(22)
Share-based payments	(31)	(10)	–	(4)	–	(45)
Tax loss carry-forwards	(93)	(73)	–	(14)	–	(180)
Deferred income	75	(11)	–	3	–	67
	268	(66)	–	8	1	211
2015						
Property, plant and equipment	**259**	**77**	**–**	**112**	**–**	**448**
Net investment in long-term receivables	**100**	**20**	**–**	**–**	**1**	**121**
Investments	**12**	**–**	**(4)**	**–**	**–**	**8**
Export partnerships	**1**	**(1)**	**–**	**–**	**–**	**–**
Inventories	**5**	**4**	**–**	**2**	**–**	**11**
Trade and other receivables	**14**	**(13)**	**–**	**2**	**–**	**3**
Trade and other payables	**(22)**	**12**	**–**	**(3)**	**–**	**(13)**
Share-based payments	**(45)**	**9**	**17**	**(10)**	**–**	**(29)**
Tax loss carry-forwards	**(180)**	**(50)**	**–**	**(73)**	**–**	**(303)**
Deferred income	**67**	**(65)**	**–**	**4**	**–**	**6**
	211	**(7)**	**13**	**34**	**1**	**252**

12.1 Deferred tax assets of R303 million relating to tax loss carry-forwards (2014: R180 million) will expire between 2018 and 2035 if not utilised.

12.2 A deferred tax asset of R153 million (2014: R99 million) has not been provided in respect of losses, because it is not probable that future taxable income will be available against which benefits can be derived therefrom.

12.3 In certain of the countries in which group entities operate, local tax laws provide that earnings only be taxed in those jurisdictions when the earnings are transferred out of such jurisdictions. It is intended that these earnings be permanently reinvested in those countries. At 31 December 2015 cumulative earnings of approximately R537 million (2014: R376 million) would be subject to income taxes of approximately R161 million (2014: R113 million) if such earnings of foreign entities were transferred out of such jurisdictions in the form of dividends.

12.4 In the case of the company, there were no temporary differences associated with investments in subsidiaries and associate companies for which deferred tax liabilities have not been recognised (2014: nil).

	Group 2015 Rm	Group 2014 Rm
13. Restricted cash		
The restricted cash is held by lenders as additional collateral for Textainer's secured debt facilities and bonds payable (refer to note 19)	**450**	646

The terms of the bonds payable and the secured debt facility require that a minimum of nine (2014: nine) months' interest be held as restricted cash. The net operating income of the borrowing company is also required to be placed in a trust account and cannot be withdrawn until the monthly principal and interest payments are made.

14. Inventories

	Group 2015 Rm	Group 2014 Rm
Container equipment held for resale	**691**	298
Trading containers	**75**	77
	766	375

	Group		Company	
	2015 Rm	2014 Rm	**2015 Rm**	2014 Rm
15. Trade and other receivables				
Trade receivables	**1 456**	1 129	**–**	–
Prepayments	**137**	123	**1**	–
Other	**337**	108	**–**	–
	1 930	1 360	**1**	–
16. Current tax				
Amounts payable at the beginning of the year	**92**	76	**–**	–
Amounts receivable at the beginning of the year	**–**	(3)	**–**	–
Effect of movements in exchange rates	**36**	8	**–**	–
Recognised in profit or loss				
South African normal	**40**	36	**3**	1
Foreign normal	**30**	57	**–**	–
Reduced/(Excess) tax benefit on equity-settled share-based payments	**3**	(22)	**–**	–
Amounts payable at the end of the year	**(144)**	(92)	**–**	–
Amounts paid during the year	**57**	60	**3**	1

17. Cash and cash equivalents

	Group 2015 Rm	Group 2014 Rm
Bank balances	**1 811**	1 351
Call and term deposits	**2 430**	1 809
	4 241	3 160

	Group		Company	
	2015	2014	**2015**	2014
	Rm	Rm	**Rm**	Rm
18. Capital and reserves				
Share capital				
Authorised				
Ordinary shares of 0,5 cent each				
200 000 000 (2014: 200 000 000)	**1**	1	**1**	1
Issued				
Ordinary shares of 0,5 cent each				
177 068 011 (2014: 177 068 011)	**1**	1	**1**	1

18.1 Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

18.2 No authorisation has been sought from shareholders to place the unissued shares of the company under the control of the directors.

18.3 Dividends

	Group 2015 Rm	Group 2014 Rm	Company 2015 Rm	Company 2014 Rm
Dividends declared and paid during the year are as follows:				
Final dividend in respect of the financial year 2014 – 195 cents per share (2013: 158 cents per share)	**345**	279	**345**	279
Interim dividend in respect of the financial year 2015 – 80 cents per share (2014: 72 cents per share)	**142**	128	**142**	128
	487	407	**487**	407

A final dividend of 220 cents per share in respect of the financial year ended 31 December 2015 (2014: 195 cents per share) was declared by the board on 25 April 2016. Dividend withholding tax at the rate of 15% is applicable to shareholders who are not exempt from this tax, which results in a net dividend of 187 cents per share to these shareholders.

18.4 Reserves

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value, other than impairments, of available-for-sale investments until the investment is derecognised.

Foreign currency translation reserve

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

Share-based payment reserve

The share-based payment reserve comprises the cumulative value of equity-settled share-based payments.

Gain/Loss in changes in ownership interests in subsidiaries

This reserve represents the cumulative net gain in changes in ownership interests in subsidiaries.

Repayment terms	Current interest rate % p.a	Interest fixed or indexed to	Annual instalment Rm	Foreign amount 2015 US$m	Foreign amount 2014 US$m	Group 2015 Rm	Group Restated 2014 Rm
19. Interest-bearing borrowings							
Secured (refer to note 19.1)							
Bonds:							
Repayable in monthly instalments, final payment in September 2023	3,90	Fixed	480	**232**	262	**3 607**	3 025
Repayable in monthly instalments, final payment in October 2024	3,27	Fixed	468	**266**	296	**4 133**	3 419
Term loan:							
Partially repayable in 19 quarterly instalments of US$7,9 million, and a final payment in April 2019	2,11	US Prime or LIBOR	491	**436**	476	**6 773**	5 489
Debt facilities:							
Facility – repayments commencing September 2017, final repayment in September 2021 (previously shown as May 2019, should have been September 2021)	2,03	LIBOR	–	**892**	852	**13 854**	9 833
Facility – repayments commencing February 2018, final repayment in February 2020*	2,35	LIBOR	–	**177**	165	**2 755**	1 904
Revolving debt facilities:							
Facility repayable in full in September 2017	1,67	US Prime or LIBOR	–	**574**	685	**8 914**	7 899
Facility repayable in full in December 2018 (previously shown as April 2016, should have been December 2018)	2,08	LIBOR	–	**130**	126	**2 011**	1 454
Facility – no repayment within revolving period, final repayment estimated in November 2023*	2,54	LIBOR	Refer to note 19.2	**165**	170	**2 554**	1 962
Facility repayable in full in July 2020	1,57	LIBOR	–	**160**	–	**2 485**	–
Unsecured							
Obligations under instalment sale agreements:							
Repayable in quarterly instalments, final payment estimated in December 2022	5,99 – 8,46	Fixed	Refer to note 19.7	**19**	34	**287**	398
Repayable in quarterly instalments, final payment estimated in June 2025	5,15	Fixed	Refer to note 19.7	**36**	37	**562**	433
Total						**47 935**	35 816
Less unamortised debt issuance costs						**358**	279
						47 577	35 537
Less current portion included in current liabilities						**1 571**	3 164
						46 006	32 373

*Terms amended during the financial year.

19. Interest-bearing borrowings (continued)

19.1 The secured loans are secured by way of a pledge against certain of the group entities' property, plant and equipment and net investment in finance leases as well as requirements by lenders that the group entities hold restricted cash as additional collateral for borrowings (refer to notes 4, 10 and 13 respectively).

19.2 The facility will convert to a six-year fully amortising note if the initial two-year revolving period is not extended by agreement between the banks and the relevant group entity.

19.3 Debt issuance costs of R89 million (2014: R135 million) were capitalised during the year.

19.4 In terms of the memorandum of incorporation, the company's borrowing powers are unlimited. The company's borrowings are disclosed in note 8.

19.5 Details of borrowing facilities are as follows:

	Group	
	2015	Restated 2014
	Rm	Rm
Total borrowing facilities	**57 452**	41 858
Actual borrowings at the end of the year	**47 935**	35 816
Unutilised facilities	**9 517**	6 042

19.6 Certain loans have restrictive covenants including minimum net worth requirements, minimum working capital requirements and maintenance of minimum levels of profitability. The borrowing companies were in compliance with the covenants throughout the year.

19.7 Repayable out of available free cash flow arising in TAC.

20. Trade and other payables

	Group		Company	
	2015	2014	**2015**	2014
	Rm	Rm	**Rm**	Rm
Trade payables	**173**	69	**–**	–
Accrued expenses	**180**	193	**4**	3
Amounts due to container owners	**154**	109	**–**	–
Amounts due in respect of container acquisitions	**660**	731	**–**	–
Other	**3**	3	**3**	2
	1 170	1 105	**7**	5

21. Deferred revenue

Deferred revenue represents the fair value of the reduced management fee recognised in a business combination in 2012. The deferred revenue is amortised to management fees from date of acquisition to 1 January 2019, the beginning of the period in which an option is held to acquire the remaining shares in the entity subject to the business combination.

	Group	
	2015	2014
	Rm	Rm
Balance at the beginning of the year	**37**	38
Recognised in profit or loss	**(4)**	(4)
Effect of movements in exchange rates	**12**	3
Balance at the end of the year	**45**	37
Analysed as:		
Non-current deferred revenue	**40**	33
Current deferred revenue	**5**	4
	45	37

	Group		Company	
	2015 Rm	Restated 2014 Rm	**2015 Rm**	2014 Rm
22. Operating profit before net finance expenses/(income)				
Operating profit before net finance expenses/(income) is arrived at after taking into account:				
Income				
Capital distribution from trust	**–**	–	**419**	324
Compensation receivable from third party in respect of impairment of property, plant and equipment	**98**	–	–	–
Net realised and unrealised exchange gains not included in revenue	**12**	–	**12**	–
Expenses				
Amortisation of intangible assets	**60**	43	**–**	–
Auditors' remuneration	**37**	21	**4**	3
Audit fee – current year	**25**	20	**4**	3
– under provision prior year	**12**	–	**–**	–
Other services	**–**	1	**–**	–
Directors' remuneration and benefits	**20**	18	**2**	2
Executive directors				
Short-term employee benefits	**13**	13	**–**	–
Share-based payments – equity-settled	**2**	1	**–**	–
Non-executive directors				
Remuneration	**4**	3	**2**	2
Share-based payments – equity-settled	**1**	1	**–**	–
Impairment losses incurred/(reversals) – financial assets	**60**	(47)	**–**	–
Finance leases – defaulting customer	**37**	–	**–**	–
Trade and other receivables – loss incurred/(recovered)	**64**	(19)	**–**	–
Trade and other receivables – loss reversed	**(41)**	(28)	**–**	–
Write-down of inventories	**430**	123	**–**	–
Operating leases – premises	**23**	19	**–**	–
Share-based payments included in employee benefits expense – equity-settled	**91**	76	**–**	–
Share-based payments to suppliers – equity-settled	**9**	10	**–**	–
Retirement benefit contributions included in employee benefits expense	**8**	6	**–**	–
23. Net finance expenses/(income)				
Finance expenses – incurred by Textainer and TAC	**1 199**	1 075	**–**	–
Interest expense	**1 025**	990	**–**	–
Realised and unrealised losses on derivative financial instruments	**174**	85	**–**	–
Finance income				
Interest income				
Received on cash and cash equivalents	**(23)**	(13)	**–**	–
	1 176	1 062	**–**	–

	Group		Company	
	2015 Rm	2014 Rm	**2015 Rm**	2014 Rm
24. Income tax expense				
South African normal	**40**	36	**3**	1
Current	**40**	32	**3**	1
Adjustment for prior years	**–**	4	**–**	–
Foreign normal	**30**	57	**–**	–
Current	**30**	94	**–**	–
Adjustment for prior years	**–**	(37)	**–**	–
Associated tax credit	**(2)**	(5)	**–**	–
Current year	**(2)**	(2)	**–**	–
Prior year	**–**	(3)	**–**	–
South African deferred				
Origination and reversal of temporary differences	**15**	(16)	**–**	(1)
Foreign deferred	**(22)**	(50)	**–**	–
Origination and reversal of temporary differences	**28**	(41)	**–**	–
Adjustment for prior years	**(49)**	(2)	**–**	–
Reduction in tax rate	**(1)**	(7)	**–**	–
	61	22	**3**	–
The effective tax rate is reconciled as follows:	**%**	%	**%**	%
Statutory tax rate	**28,0**	28,0	**28,0**	28,0
Operating losses	**2 249,0**	–	**–**	–
Over-provided in prior years	**(1 226,0)**	(1,8)	**–**	–
Foreign rate differential	**575,0**	(25,0)	**–**	–
Non-taxable income	**(100,0)**	–	**(28,3)**	(29,3)
Dividend income	**–**	–	**(28,3)**	(29,3)
Other	**(100,0)**	–	**–**	–
Non-deductible expenses – dividend expenses	**100,0**	0,3	**1,0**	1,3
Profit from equity accounted investees	**(76,0)**	(0,1)	**–**	–
Effect of reduction in tax rate on recognised temporary differences	**(25,0)**	(0,3)	**–**	–
Effective tax rate	**1 525,0**	1,1	**0,7**	–

24.1 Certain group entities are not subject to tax in their countries of incorporation. However, these entities are subject to tax in certain other jurisdictions due to the nature of their operations. These entities estimate the tax liability based upon their interpretation of the tax laws of the various jurisdictions in which they operate. Deferred income taxes reflect temporary differences attributable to various jurisdictions at the appropriate statutory tax rates.

24.2 Certain group entities participate in export partnerships. As these entities were liable to the partnerships for the tax effect in the first year of their participation, the amount thereof was disclosed as an associated tax charge. In subsequent years the partnerships become liable to the entities for the tax arising as the underlying receivables are collected. The amount thereof is disclosed as an associated tax credit.

	Group	
	2015	Restated 2014
	Rm	Rm
25. Earnings per share		
Basic (loss)/earnings per share		
(Loss)/Profit for the year attributable to equity holders of the company (R million)	**(146)**	962
Weighted average number of shares in issue (million)	**177,1**	177,1
Basic (loss)/earnings per share (cents)	**(82,7)**	543,2

Diluted (loss)/earnings per share is equal to basic earnings per share.

	Group			
	Gross	Net	Gross	Net
	2015		2014 (Restated)	
	Rm	**Rm**	Rm	Rm
Headline earnings per share				
(Loss)/Profit for the year attributable to equity holders of the company		**(146)**		962
Impairment of property, plant and equipment	**1 912**	**1 100**	18	8
Compensation receivable from third party in respect of impairment of property, plant and equipment	**(98)**	**(46)**	–	–
Headline earnings attributable to equity holders of the company		**908**		970
Weighted average number of shares in issue (million)		**177,1**		177,1
Headline earnings per share (cents)		**512,6**		547,9
Diluted headline earnings per share is equal to headline earnings per share.				
Adjusted headline earnings per share				
Adjusted headline earnings per share is the more appropriate measure of Trencor's financial performance in that it excludes net unrealised foreign exchange gains and losses on the translation of long-term receivables, and it may also include such other adjustments that, in the opinion of the board, are necessary to properly represent financial performance.				
Headline earnings attributable to equity holders of the company		**908**		970
Net unrealised foreign exchange gain on translation of long-term receivables	**(171)**	**(123)**	(67)	(48)
Adjusted headline earnings attributable to equity holders of the company		**785**		922
Adjusted headline earnings per share (cents)		**443,3**		520,7

Diluted adjusted headline earnings per share is equal to adjusted headline earnings per share.

	Group		Company	
	2015	Restated 2014	2015	2014
	Rm	Rm	Rm	Rm
26. Cash generated from operations				
Reconciliation of (loss)/profit for the year to cash generated from operations:				
(Loss)/Profit for the year	**(57)**	2 027	**412**	309
Adjusted for:				
Finance expenses	**1 199**	1 075	**–**	–
Finance income	**(23)**	(13)	**–**	–
Unrealised foreign exchange gains	**(276)**	(101)	**–**	–
Net decrease in adjustment to the net investment in long-term receivables	**71**	25	**–**	–
Other non-cash flow adjustments to the net investment in long-term receivables	**(2)**	(2)	**–**	–
Depreciation	**2 601**	1 879	**–**	–
Carrying value of container leasing equipment identified for sale	**2 124**	1 577	**–**	–
Net impairment losses incurred/(reversals)	**1 972**	(29)	**–**	–
Share-based payments	**103**	88	**–**	–
Amortisation of intangible assets	**60**	43	**–**	–
Finance lease income	**(184)**	(187)	**–**	–
Deferred revenue recognised in profit or loss	**(4)**	(4)	**–**	–
Share of profit from equity accounted investees	**(9)**	(4)	**–**	–
Income tax expense	**61**	22	**3**	–
Operating profit before working capital changes	**7 636**	6 396	**415**	309
Working capital changes	**(75)**	138	**1**	2
Decrease in inventories	**22**	62	**–**	–
(Increase)/Decrease in trade and other receivables	**(106)**	16	**(1)**	–
Increase in trade and other payables	**9**	60	**2**	2
Cash generated from operations	**7 561**	6 534	**416**	311

	Group	
	2015	2014
	Rm	Rm
27. Operating lease commitments		
Non-cancellable operating lease rentals are payable as follows:		
Within one year	**26**	19
Between one and five years	**122**	19
After five years	**203**	–
	351	38

A number of office premises are leased under operating leases. The lease of the Textainer administration office in San Francisco has been renewed and expires in October 2027. Other leases typically run for periods of five to six years, with an option to renew the leases upon expiration. None of the leases include contingent rentals.

	Group	
	2015	2014
28. Capital commitments		
For container leasing equipment		
Contracted	**166**	1 018

29. Employee benefits

29.1 Share-based payments

Trencor and Textainer have share option plans for certain employees, including directors, to purchase shares in terms of the rules of the respective plans.

Trencor

All options granted in terms of The Trencor Share Plan were exercised in prior periods and consequently there are no share options outstanding. In terms of the Plan, options were previously granted to certain executive directors and employees amounting in aggregate to 6 740 000 shares (2014: 6 740 000 shares) in the unissued share capital of the company. The maximum number of shares available for utilisation under the Plan is 8 884 209 (2014: 8 884 209).

There is currently no intention to grant further options but the Plan is being maintained in its current dormant state in order that options may be granted in future should the need arise. Accordingly, no authority is sought at this stage from shareholders to place the unissued shares reserved for the Plan under the control of the directors and to authorise the directors to issue such shares.

Textainer

Textainer has one share option and a restricted share unit plan, the 2015 Plan, formerly the 2007 Plan, amended and restated as the 2015 Plan in May 2015. The amendment and restatement of the 2015 Plan increased the maximum number of shares available for future issuance by 2 000 000 shares and extended the term of the 2015 Plan by a further 10 years. The 2015 Plan provides for the grant of share options, restricted share units, restricted shares, share appreciation rights and dividend equivalent rights. No grants have been made of share appreciation rights. The 2015 Plan provides for grants of incentive share options only to its employees or employees of any parent or subsidiary of Textainer. Awards other than incentive share options may be granted to its employees, directors and consultants or the employees, directors and consultants of any parent or subsidiary of Textainer. There are no performance criteria attached to the option plan. The options vest over a total period of four years in increments of 25% per annum beginning approximately one year from grant date. All options lapse after a period of ten years from date of grant. Beginning approximately one year after a restricted share unit's grant date for each restricted share unit granted in 2010 and thereafter, each employee's restricted share units vest in increments of 25% per year. Restricted share units granted to directors fully vest one year after their grant date.

	Number of shares
Shares available for utilisation under the plans at 31 December 2013	699 431
Share options and restricted share units granted in 2014, net of forfeitures	(461 027)
Previously authorised shares cancelled during 2014	101 549
Shares available for utilisation under the plans at 31 December 2014	339 953
Additional shares authorised during 2015	**2 000 000**
Share options and restricted share units granted in 2015, net of forfeitures	**(474 011)**
Shares available for utilisation under the plans at 31 December 2015	**1 865 942**

The following is a summary of activity in the 2015 Plan:

Share options

	Number of options			Weighted average	
	Unvested	Vested	Total	Exercise price US$	Expiration year
Outstanding at 31 December 2013	593 157	350 225	943 382	26,43	2021
Granted	225 865	–	225 865	34,14	2024
Vested	(163 886)	163 886	–	24,05	2020
Exercised	–	(131 076)	(131 076)	19,07	2019
Expired	(54 976)	–	(54 976)	17,06	2022
Forfeited	(22 164)	–	(22 164)	32,91	2018
Outstanding at 31 December 2014	577 996	383 035	961 031	29,63	2022
Granted	**257 428**	**–**	**257 428**	**14,20**	**2025**
Vested	**(211 196)**	**211 196**	**–**	**28,51**	**2021**
Exercised	**–**	**(32 495)**	**(32 495)**	**11,90**	**2018**
Expired	**(6 532)**	**–**	**(6 532)**	**30,99**	**2021**
Forfeited	**(20 086)**	**–**	**(20 086)**	**33,70**	**2023**
Outstanding at 31 December 2015	**597 610**	**561 736**	**1 159 346**	**26,62**	**2022**

29. Employee benefits (continued)

29.1 Share-based payments (continued)

	Restricted share units	Weighted average fair value at grant date US$
Restricted share units		
Outstanding at 31 December 2013	703 903	24,57
Granted	235 162	29,85
Vested	(281 438)	21,05
Forfeited	(24 409)	27,39
Outstanding at 31 December 2014	633 218	27,99
Granted	**277 336**	**13,01**
Vested	**(272 945)**	**26,00**
Forfeited	**(20 086)**	**30,31**
Outstanding at 31 December 2015	**617 523**	**21,70**

The options outstanding at 31 December 2015 had an exercise price ranging from US$7,10 to US$38,36 (2014: US$7,10 to US$38,36) and a weighted average contractual life of 7,1 years (2014: 7,6 years).

The weighted average share price at the date of exercise for share options exercised in 2015 was US$21,91 (2014: US$36,97).

The fair value of the share options at grant date is determined based on the Black-Scholes option pricing model with the following assumptions:

	Options granted				
	12 November 2015	19 November 2014	14 November 2013	14 November 2012 and 20 January 2012	16 November 2011
Number of options granted under the 2015 Plan (2007 Plan)	**257 428**	225 865	213 907	201 658	173 350
Fair value at measurement date (US$)	**3,16**	10,67	13,19	9,42	11,60
Share price at grant date (US$)	**14,20**	34,14	38,36	28,21	28,54
Expected life option time (years)	**5,2**	5,0	5,0	5,2 – 5,7	5,7
Volatility %	**44,5**	54,7	58,2	62,5 – 67,1	68,0
Dividend yield %	**6,8**	5,5	4,9	4,5 – 6,3	4,9
Risk free % rate (based on US Treasury bonds)	**1,8**	1,6	1,3	0,7 – 1,1	1,1

In determining share price volatility, consideration has been given to the historic volatility of publicly traded companies within Textainer's industry.

For determining the estimated fair value for employee restricted share units, Textainer uses the fair market value of its common shares on the grant date, discounted for estimated dividends that will not be received by the employees during the vesting period.

29.2 The amounts included in profit or loss in respect of share-based payments are:

	Group	
	2015 Rm	2014 Rm
Equity-settled	**103**	88

29.3 Retirement benefit funds

Membership of the Trencor Pension Fund ('the Fund'), a defined contribution pension fund governed by the Pension Funds Act, was compulsory for all eligible employees in South Africa. Effective 1 June 2014, the total then active membership of the Fund, comprising 15 members, transferred to the Alexander Forbes Retirement Fund, an umbrella fund arrangement which provides member investment choice from a range of portfolios.

The aggregate share of the then active members of the Fund was transferred to the Alexander Forbes Retirement Fund on 15 October 2015 and amounted to R137 million. The Fund has no liability in respect of pensioners and the Fund currently holds unclaimed benefits in respect of untraced former members.

Certain non-South African group entities offer defined contribution plans for their employees in the various jurisdictions in which they are employed. None of these plans have any defined liability in respect of pensioners.

30. Segment reporting

Business segments

30.1 There are two operating segments (strategic business units) managed separately as they offer entirely different services. The reportable segments are: container finance, and container owning, leasing, management and trading.

30.2 Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before interest and income tax, as included in the internal management reports. Segment profit before net finance expenses/income and income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries. There is no inter-segment activity.

	Group					
	Container finance		Container owning, leasing, management and trading		Consolidated	
	2015 Rm	2014 Rm	**2015 Rm**	Restated 2014 Rm	**2015 Rm**	Restated 2014 Rm
Revenue	**288**	113	**8 989**	7 942	**9 277**	8 055
Goods sold	**–**	–	**1 930**	1 976	**1 930**	1 976
Leasing income	**2**	2	**6 903**	5 817	**6 905**	5 819
Management fees	**–**	–	**156**	149	**156**	149
Finance income	**8**	13	**–**	–	**8**	13
Realised and unrealised exchange gains	**278**	98	**–**	–	**278**	98
Reportable segment profit before net finance expenses and income tax	**200**	66	**1 004**	3 083	**1 204**	3 149
Finance income	**–**	–	**7**	1	**7**	1
Finance expenses	**–**	–	**(1 199)**	(1 075)	**(1 199)**	(1 075)
Depreciation and amortisation	**–**	–	**(2 661)**	(1 921)	**(2 661)**	(1 921)
Share of profit of equity accounted investees	**–**	–	**9**	4	**9**	4
Income tax expense	**7**	(12)	**(67)**	(14)	**(60)**	(26)
Other material non-cash items:						
Net long-term receivable valuation adjustment	**(71)**	(25)	**–**	–	**(71)**	(25)
Impairment losses:						
Property, plant and equipment	**–**	–	**(1 912)**	(18)	**(1 912)**	(18)
Trade receivables – loss (incurred)/ recovered	**–**	–	**(64)**	19	**(64)**	19
Trade receivables – loss reversed	**–**	–	**41**	28	**41**	28
Write down of inventories	**–**	–	**(430)**	(123)	**(430)**	(123)
Carrying value of container leasing equipment identified for sale	**–**	–	**(2 124)**	(1 577)	**(2 124)**	(1 577)
Share-based payments	**–**	–	**(103)**	(88)	**(103)**	(88)
Reportable segment assets	**652**	688	**67 325**	51 396	**67 977**	52 084
Capital expenditure	**–**	–	**6 095**	8 653	**6 095**	8 653
Reportable segment liabilities	**85**	115	**48 812**	36 683	**48 897**	36 798

30. Segment reporting (continued)

30.3 Reconciliations of reportable segment profit before net finance expenses and income tax, finance income, depreciation and amortisation, income tax, assets and liabilities

	Group					
	Reportable segment total	Unallocated	Consolidated total	Reportable segment total	Unallocated	Consolidated total
	2015			2014 (Restated)		
	Rm	**Rm**	**Rm**	Rm	Rm	Rm
Profit before net finance expenses and income tax*	**1 204**	**(33)**	**1 171**	3 149	(42)	3 107
Finance income	**7**	**16**	**23**	1	12	13
Depreciation and amortisation	**(2 661)**	**–**	**(2 661)**	(1 921)	(1)	(1 922)
Income tax (expense)/credit	**(60)**	**(1)**	**(61)**	(26)	4	(22)
Assets	**67 977**	**2 614**	**70 591**	52 084	1 973	54 057
Liabilities	**48 897**	**435**	**49 332**	36 798	343	37 141

* Unallocated amount includes corporate expenses of R46 million (2014: R43 million)

	Assets		Liabilities	
	2015	2014	**2015**	2014
	Rm	Rm	**Rm**	Rm
The following is an analysis of the unallocated assets and liabilities:				
Investment in equity accounted investee	**145**	92	**–**	–
Other investments	**45**	66	**–**	–
Deferred tax assets/liabilities	**19**	24	**271**	235
Income tax liabilities	**–**	–	**144**	92
Trade and other receivables/payables	**6**	6	**20**	16
Cash and cash equivalents	**2 399**	1 785	**–**	–
	2 614	1 973	**435**	343

30.4 Major customers

Leasing revenue from two customers in the container owning, leasing, management and trading operating segment amounted to 22% (2014: one customer 9%) of leasing revenue. No other customer individually accounted for more than 10% of revenue.

30.5 Geographic segment information

Container lessees use containers for their global trade utilising many worldwide trade routes. Revenue is earned from international carriers when the containers are in use and carrying cargo around the world. Substantially all leasing related revenue is denominated in US dollars. As all of the containers are used internationally, where no one container is domiciled in one particular place for a prolonged period of time, all of long-lived assets are considered to be international with no single country of use.

31. Financial instruments and risk management

31.1 Categories of financial assets and liabilities

The carrying amounts and fair values of each category of financial assets and liabilities are as follows:

	Group							
	Designated at fair value through profit or loss Rm	Held for trading Rm	Available-for-sale Rm	Loans and receivables Rm	Liabilities at amortised cost Rm	Other Rm	Total carrying amount Rm	Fair value Rm
2015								
Financial assets								
Other investments	**–**	**–**	**45**	**–**	**–**	**–**	**45**	**45**
Long-term receivables	**640**	**–**	**–**	**–**	**–**	**–**	**640**	**640**
Net investment in finance leases	**–**	**–**	**–**	**–**	**–**	**2 223**	**2 223**	**2 203**
Derivative financial instruments	**–**	**10**	**–**	**–**	**–**	**–**	**10**	**10**
Restricted cash	**–**	**–**	**–**	**450**	**–**	**–**	**450**	**450**
Trade and other receivables	**–**	**–**	**–**	**1 793**	**–**	**–**	**1 793**	**1 793**
Cash and cash equivalents	**–**	**–**	**–**	**4 241**	**–**	**–**	**4 241**	**4 241**
	640	**10**	**45**	**6 484**	**–**	**2 223**	**9 402**	**9 382**
Financial liabilities								
Interest-bearing borrowings	**–**	**–**	**–**	**–**	**47 935**	**–**	**47 935**	**47 711**
Amounts attributable to third parties in respect of long-term receivables	**85**	**–**	**–**	**–**	**–**	**–**	**85**	**85**
Derivative financial instruments	**–**	**40**	**–**	**–**	**–**	**–**	**40**	**40**
Trade and other payables	**–**	**–**	**–**	**–**	**1 170**	**–**	**1 170**	**1 170**
	85	**40**	**–**	**–**	**49 105**	**–**	**49 230**	**49 006**
2014								
Financial assets								
Other investments	–	–	66	–	–	–	66	66
Long-term receivables	679	–	–	–	–	–	679	679
Net investment in finance leases	–	–	–	–	–	2 314	2 314	2 291
Derivative financial instruments	–	14	–	–	–	–	14	14
Restricted cash	–	–	–	646	–	–	646	646
Trade and other receivables	–	–	–	1 237	–	–	1 237	1 237
Cash and cash equivalents	–	–	–	3 160	–	–	3 160	3 160
	679	14	66	5 043	–	2 314	8 116	8 093
Financial liabilities (Restated)								
Interest-bearing borrowings	–	–	–	–	35 816	–	35 816	35 789
Amounts attributable to third parties in respect of long-term receivables	115	–	–	–	–	–	115	115
Derivative financial instruments	–	20	–	–	–	–	20	20
Trade and other payables	–	–	–	–	1 105	–	1 105	1 105
	115	20	–	–	36 921	–	37 056	37 029

31. Financial instruments and risk management (continued)

31.1 Categories of financial assets and liabilities (continued)

	Company		
	Liabilities at amortised cost Rm	Total carrying amount Rm	Fair value Rm
2015			
Financial liabilities			
Amounts due to subsidiary	**842**	**842**	**842**
Trade and other payables	**7**	**7**	**7**
	849	**849**	**849**
2014			
Financial liabilities			
Amount due to subsidiary	768	768	768
Trade and other payables	5	5	5
	773	773	773

31.2 Overview

The risks arising from the use of financial instruments include:

- credit risk;
- liquidity risk; and
- market risk (including currency risk and interest rate risk).

This note presents information about the exposure to each of the above risks, objectives, policies and processes for measuring and managing risk, and the management of capital.

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

The directors have overall responsibility for the establishment and oversight of the risk management framework. Risk management is carried out by the executive committee and management at an operational level under policies approved by the directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

The risk management policies are established to identify and analyse the risks in order to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk policies and systems are reviewed regularly.

The audit and risk committees oversee how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework. Regular ad hoc reviews of risk management controls and procedures are undertaken, the results of which are reported to the audit and risk committees.

31.3 Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

31.3.1 Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk from financial assets at 31 December was as follows:

	Group	
	2015	2014
	Rm	Rm
Financial assets designated at fair value through profit or loss		
Long-term receivables	**640**	679
Other financial instruments		
Net investment in finance leases	**2 223**	2 314
Loans and receivables excluding cash and cash equivalents		
Trade receivables	**1 456**	1 129
Restricted cash	**450**	646
Other	**337**	108
Cash and cash equivalents	**4 241**	3 160
	9 347	8 036

Credit risk arises principally from long-term receivables, trade receivables, investment securities and cash and cash equivalents.

Financial assets designated at fair value through profit or loss

Credit risk with respect to long-term receivables is determined by the creditworthiness of the international customers to whom containers are supplied. Management closely monitors the activities and performance of these customers. Long-term receivables are valued by discounting future cash flows and an appropriate adjustment is made to the net investment for the estimated timing of receipt and possible non-collection of these receivables and the related effect on the payment to third parties (refer to note 9.2).

The most significant net present value long-term receivable (net of fair value adjustment) at 31 December 2015 ultimately relates to TAC totalling R230 million (2014: R286 million). Approximately 92% (2014: 92%) of the TAC containers measured on a twenty-foot equivalent unit basis are managed by Textainer.

Net investment in finance leases

There is no significant concentration of credit risk relating to the net investment in finance leases.

Loans and receivables

Credit risk with respect to trade and other receivables is mitigated by the diverse customer base. The risk arising on short-term trade and other receivables is also managed through a policy on the granting of credit limits and continual review and monitoring of these limits. At 31 December 2015 two customers accounted for 19% of the trade receivables (2014: one customer 9%).

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

Container leasing customers	**1 455**	1 128
Other	**1**	1
	1 456	1 129

Cash and cash equivalents

Cash and cash equivalents are placed with financial institutions which have acceptable credit ratings.

31. Financial instruments and risk management (continued)

31.3.2 Impairment losses

An allowance is established for impairment that represents an estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

	Group							
	Gross[1]	Gross[2]	Total impair-ment	Net trade receiv-ables	Gross[1]	Gross[2]	Total impair-ment	Net trade receiva-bles
	2015				2014			
	Rm	**Rm**	**Rm**	**Rm**	Rm	Rm	Rm	Rm
The ageing of trade receivables at the reporting date was:								
Not past due	**1**	**–**	**–**	**1**	1	–	–	1
Past due 0 – 30 days	**830**	**–**	**(11)**	**819**	667	–	(15)	652
Past due 31 – 120 days	**633**	**–**	**(11)**	**622**	469	1	(7)	463
Past due 121 – 180 days	**16**	**10**	**(13)**	**13**	13	12	(12)	13
More than 180 days	**1**	**185**	**(185)**	**1**	1	107	(108)	–
	1 481	**195**	**(220)**	**1 456**	1 151	120	(142)	1 129

[1] Gross receivables not subject to specific impairment.
[2] Gross receivables subject to specific impairment.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group	
	2015	2014
	Rm	Rm
Balance at the beginning of the year	**142**	175
Impairment loss recognised/(recovered)	**64**	(19)
Impairment loss reversed	**(41)**	(28)
Effect of movements in exchange rates	**55**	14
Balance at the end of the year	**220**	142

The allowance accounts in respect of trade receivables are used to record impairment losses unless the group entities are satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset.

31.4 Liquidity risk

Liquidity risk is the risk that group entities will not be able to meet their financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking reputational damage.

The risk is managed through cash flow forecasts and ensuring that adequate borrowing facilities are maintained. In terms of the company's memorandum of incorporation, its borrowing powers are unlimited.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Group					
	Carrying amount Rm	Contractual cash flows Rm	One year or less Rm	One to five years Rm	Over five years Rm	Total Rm
2015						
Non-derivative financial liabilities						
Bonds payable	**7 740**	**8 914**	**1 198**	**4 452**	**3 264**	**8 914**
Debt facility	**16 609**	**18 234**	**366**	**8 373**	**9 495**	**18 234**
Revolving debt facility	**15 964**	**17 218**	**305**	**15 649**	**1 264**	**17 218**
Term loan	**6 773**	**7 116**	**619**	**6 497**	**–**	**7 116**
Obligations under instalment sale agreements	**849**	**978**	**137**	**189**	**652**	**978**
Trade and other payables	**1 170**	**1 170**	**1 170**	**–**	**–**	**1 170**
	49 105	**53 630**	**3 795**	**35 160**	**14 675**	**53 630**
Derivative financial liabilities						
Derivative financial instruments	**40**	**387**	**132**	**255**	**–**	**387**
2014						
Non-derivative financial liabilities (Restated)						
Bonds payable	6 444	7 539	915	3 409	3 215	7 539
Debt facility	11 737	12 876	2 120	2 911	7 845	12 876
Revolving debt facility	11 315	12 039	241	11 493	305	12 039
Term loan	5 489	5 805	455	5 350	–	5 805
Obligations under instalment sale agreements	831	958	166	286	506	958
Trade and other payables	1 105	1 105	1 105	–	–	1 105
	36 921	40 322	5 002	23 449	11 871	40 322
Derivative financial liabilities						
Derivative financial instruments	20	334	111	233	–	334

The cash flows disclosed in the above table represent the contractual undiscounted net cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

There is no exposure to liquidity risk in respect of amounts attributable to third parties in respect of long-term receivables, as these amounts are required to be paid only when the proceeds from the related long-term receivables are received.

	Company					
	Carrying amount Rm	Contractual cash flows Rm	One year or less Rm	One to five years Rm	Over five years Rm	Total Rm
Non-derivative financial liabilities						
2015						
Amount due to subsidiary	**842**	**842**	**–**	**842**	**–**	**842**
Trade and other payables	**7**	**7**	**7**	**–**	**–**	**7**
	849	**849**	**7**	**842**	**–**	**849**
2014						
Amount due to subsidiary	768	768	–	768	–	768
Trade and other payables	5	5	5	–	–	5
	773	773	5	768	–	773

31. Financial instruments and risk management (continued)

31.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Group entities buy and sell derivatives, and also incur financial liabilities, in order to manage market risks.

31.5.1 Currency risk

Group entities are exposed to currency risk on sales and purchases and long-term receivables that are denominated in a currency other than the respective functional currencies of those entities, primarily the US dollar and SA rand. The currency in which these transactions are primarily denominated is the US dollar.

Group entities enter into forward exchange contracts from time to time, and as required, to buy and sell specified amounts of various foreign currencies in the future at predetermined exchange rates. The contracts are entered into in order to manage their exposure to fluctuations in foreign currency exchange rates. The contracts are generally matched with anticipated future cash flows in foreign currencies primarily from sales and purchases. As at 31 December 2015 there was no exposure to forward exchange contracts (2014: nil).

The following is an analysis of the financial instruments in terms of the currencies in which they are held, expressed in SA rand at 31 December:

	Group					
	2015			2014 (Restated)		
Denominated in	**SA rand Rm**	**US$ Rm**	**Total Rm**	SA rand Rm	US$ Rm	Total Rm
Assets						
Investments	**45**	**–**	**45**	66	–	66
Long-term receivables	**–**	**640**	**640**	–	679	679
Net investment in finance leases	**–**	**2 223**	**2 223**	–	2 314	2 314
Derivative financial instrument	**–**	**10**	**10**	–	14	14
Restricted cash	**–**	**450**	**450**	–	646	646
Trade and other receivables	**3**	**1 790**	**1 793**	3	1 234	1 237
Cash and cash equivalents	**238**	**4 003**	**4 241**	161	2 999	3 160
	286	**9 116**	**9 402**	230	7 886	8 116
Liabilities						
Interest-bearing borrowings	**–**	**47 935**	**47 935**	–	35 816	35 816
Amounts attributable to third parties in respect of long-term receivables	**85**	**–**	**85**	115	–	115
Derivative financial instruments	**–**	**40**	**40**	–	20	20
Trade and other payables	**17**	**1 153**	**1 170**	15	1 090	1 105
	102	**49 128**	**49 230**	130	36 926	37 056
The following exchange rates applied during the year:						
Year-end rate: US$1=		**R15,53**			R11,54	
Average rate: US$1=		**R12,75**			R10,78	

The long-term export receivables are all denominated in US dollars. The board has decided that these receivables should remain in US dollars and should not be hedged into any other currency, save that the executive committee is authorised to sell limited amounts due to be collected forward, into SA rand, if it believes that it would protect the SA rand receipts to do so.

The sensitivity analysis relating to the long-term receivables is disclosed in note 31.7.1. The remaining financial instruments denominated in US dollars above, represent the financial assets and liabilities of foreign operations translated into SA rand and consequently no sensitivity analysis is disclosed in respect of these items.

31.5.2 Interest rate risk

As part of the process of managing the group entities' fixed and floating rate borrowings mix, the interest rate borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to anticipated movements in interest rates. All borrowings are denominated in US dollars.

Textainer has a firm policy that long-term lease business should be financed with fixed rate debt, and master lease (short-term) business should be financed with floating rate debt. Interest on loans raised to purchase containers leased out under long-term leases (usually of five years' duration at fixed rates) is swapped into fixed interest rate contracts of a similar term, while loans raised to purchase containers for master lease are at variable rates. Furthermore, the company enters into interest rate cap contracts to guard against unexpected increases in interest rates on a portion of such variable interest rate loans. Textainer does not apply hedge accounting to the interest rate swaps, notwithstanding that such swaps may be economically effective. It accounts on the basis that the net result of the marked-to-market valuation of these instruments is flowed through profit or loss. This may result in volatility of earnings.

Group entities are exposed to interest rate risk as they place funds in the money market. This risk is managed by maintaining an appropriate mix of term and daily call deposits with registered financial institutions which are subject to compliance with the relevant regulatory bodies.

At 31 December the interest rate profile of interest-bearing financial instruments was as follows:

	Group	
	2015 Rm	Restated 2014 Rm
Fixed rate		
Financial liabilities	**(8 589)**	(7 275)
Variable rate instruments		
Financial assets	**4 691**	3 806
Financial liabilities	**(39 346)**	(28 541)
	(34 655)	(24 735)

Based on the derivative and non-derivative financial asset and liability balances as at 31 December 2015, it is estimated that a 100 basis points increase/decrease in interest rates would result in a decrease/increase in the fair value of interest rate swap derivative liabilities of R296 million (2014: R244 million), an increase/decrease in net interest expense on non-derivative financial assets and liabilities of R286 million (2014: R214 million) and a decrease/increase in interest expense on interest rate swap derivative liabilities of R170 million (2014: R105 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

31.6 Capital management

Capital is regarded as total equity. The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board determines dividends paid to shareholders.

The company may purchase its own shares on the market, if there are good grounds for doing so. In this regard the directors will ensure the requirements of the Companies Act of South Africa including the performance of the solvency and liquidity test are satisfied and will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs and the interests of the company.

Capital is monitored on the basis of the ratio of interest-bearing borrowings to total equity. This ratio is calculated as interest-bearing borrowings divided by total equity as follows:

Interest-bearing borrowings	**47 577**	35 537
Total equity	**21 259**	16 916
Ratio of interest-bearing borrowings to total equity (%)	**223,8**	210,1

31. Financial instruments and risk management (continued)

31.6 Capital management (continued)

The ratio has been affected by the increase in Textainer's interest-bearing borrowings, and the weakening of the SA rand against the US dollar from US$1=R11,54 to US$1=R15,53 as at December 2014 and 2015 respectively.

There were no changes in the approach to capital management during the year.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

31.7 Fair values

The fair values of financial instruments (refer to note 31.1) have been arrived at after taking into account current market conditions. All of the fair value measurements are recurring in nature.

31.7.1 Fair value hierarchy

Fair values are measured using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted in an active market for an identical instrument) that can be assessed at the measurement date.

Level 2: Valuation techniques based on observable inputs, either directly (ie as prices) or indirectly (ie derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices that are similar to instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses the instruments, measured at fair value at 31 December, by the level in the fair value hierarchy into which the value measurement is categorised:

	Group			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
2015				
Assets				
Long-term receivables	**–**	**–**	**640**	**640**
Other investments	**–**	**45**	**–**	**45**
Interest rate swap contracts	**–**	**10**	**–**	**10**
	–	**55**	**640**	**695**
Liabilities				
Amounts attributable to third parties in respect of long-term receivables	**–**	**–**	**85**	**85**
Interest rate swap contracts	**–**	**40**	**–**	**40**
	–	**40**	**85**	**125**
2014				
Assets				
Long-term receivables	–	–	679	679
Other investments	–	66	–	66
Interest rate swap contracts	–	14	–	14
	–	80	679	759
Liabilities				
Amounts attributable to third parties in respect of long-term receivables	–	–	115	115
Interest rate swap contracts	–	20	–	20
	–	20	115	135

Valuation techniques for other investments and interest rate swap contracts are referred to in notes 7 and 11 respectively.

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy:

	Group		
	Long-term receivables Rm	Amounts attributable to third parties in respect of long-term receivables Rm	Total Rm
2014			
Balance at the beginning of the year	867	(155)	712
Total gains/(losses) in profit or loss	84	–	84
Settlements	(272)	40	(232)
Balance at the end of the year	679	(115)	564
2015			
Total gains/(losses) in profit or loss	**218**	**(9)**	**209**
Settlements	**(257)**	**39**	**(218)**
Balance at the end of the year	**640**	**(85)**	**555**

Total gains or losses included in profit or loss for the year in the previous table are presented in the statement of comprehensive income as follows:

2015			
Total gains or losses included in profit or loss for the year			
Operating profit	**218**	**(11)**	**207**
Associate tax credit	**–**	**2**	**2**
Total unrealised gains or losses for the year included in profit or loss for assets and liabilities held at the end of the year			
Operating profit	**150**	**(2)**	**148**
2014			
Total gains or losses included in profit or loss for the year			
Operating profit	84	(3)	81
Associate tax credit	–	3	3
Total unrealised gains or losses for the year included in profit or loss for assets and liabilities held at the end of the year			
Operating profit	32	4	36

31. Financial instruments and risk management (continued)

31.7.1 Fair value hierarchy (continued)

Although the estimates of fair value are considered to be appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurement in level 3 of the fair value hierarchy, changing one or more of the unobservable inputs used, to reasonably possible alternative assumptions, would have the following effects:

	Group				
	Change in unobservable inputs	Favourable/(Unfavourable) impact on profit or loss		Favourable/(Unfavourable) impact on other comprehensive income	
		2015 Rm	2014 Rm	**2015 Rm**	2014 Rm
Interest rates – discount rates					
Long-term receivables	100 basis points	**(21)**	(19)	**–**	–
	(100) basis points	**21**	19	**–**	–
Amounts attributable to third parties in respect of long-term receivables	100 basis points	**2**	3	**–**	–
	(100) basis points	**(2)**	(3)	**–**	–
Exchange rates (SA rand = US$)					
Long-term receivables	1%	**6**	4	**–**	–
	(1%)	**(6)**	(4)	**–**	–

Long-term receivables and amounts attributable to third parties in respect of long-term receivables are valued by discounting future cash flows. The discount rate applied to the long-term receivables (denominated in US$) is 8,5% p.a. (2014: 8,5% p.a.), and amounts attributable to third parties in respect of long-term receivables is 10% p.a. (2014: 10% p.a.). The discount rates and cash flows are determined according to the estimates and judgements as disclosed in note 34. An appropriate fair value adjustment is made to the net investment for the estimated timing of receipt and the possible non-collectability of these receivables, and the related effect on the payment to third parties. The net present value of the long-term receivables and the related fair value adjustment were translated into SA rand at US$1=R15,53 (2014: US$1=R11,54).

The table above demonstrates the effects of a 100 basis point change in discount rates and a one percent change in exchange rates.

32. Related parties

32.1 Identity of related parties

The company has related party relationships with its subsidiaries (refer directors' report), associates and with key management personnel, including its directors and executive officers.

32.2 Intra-group transactions and balances

Amounts due by and to subsidiaries (refer to note 8).

Capital distribution from trust (refer to notes 8 and 22).

Administration fee paid to subsidiary R6 million (2014: R6 million).

32.3 Transactions with key management personnel

Messrs E Oblowitz and RJA Sparks are non-executive directors of certain South African listed companies, some of whose subsidiaries are partners in export partnerships with the group entities. No new export partnerships have been concluded with these companies since March 1999.

Certain non-executive directors are also directors of other companies which have transactions with the group entities. The relevant directors do not believe they have the capacity to control or significantly influence the financial or operating policies of those companies. All material related party transactions are noted in these financial statements.

The number of shares held by the directors and their associates in the issued share capital of the company at 31 December 2015 and 2014 was as follows:

2015	Direct	Indirect	Total
C Jowell	**159 831**	**5 262 929**	**5 422 760**
NI Jowell	**47 832**	**5 665 218**	**5 713 050**
JE McQueen	**49 649**	**102 133**	**151 782**
DM Nurek	**–**	**10 000**	**10 000**
E Oblowitz	**10 000**	**–**	**10 000**
RJA Sparks	**–**	**4 000**	**4 000**
H Wessels	**–**	**27 859**	**27 859**
	267 312	**11 072 139**	**11 339 451**
2014			
C Jowell	159 831	5 262 929	5 422 760
NI Jowell	47 832	5 579 018	5 626 850
JE McQueen	49 649	102 133	151 782
DM Nurek	–	10 000	10 000
E Oblowitz	10 000	–	10 000
RJA Sparks	–	4 000	4 000
H Wessels	–	27 859	27 859
	267 312	10 985 939	11 253 251

There have been no changes in the above interests between the financial year-end and the date of this report.

The key management personnel compensation included in employee benefits expense is as follows:

	Group		Company	
	2015 Rm	2014 Rm	**2015 Rm**	2014 Rm
Short-term employee benefits	**43**	32	**2**	2
Share-based payments	**34**	28	**–**	–
	77	60	**2**	2
Paid to:				
Directors	**20**	18	**2**	2
Executive officers (Textainer)	**57**	42	**–**	–
	77	60	**2**	2

The number of executive officers for 2015 was 2 (2014: 2).

32. Related parties (continued)

The remuneration paid to the directors during the years ended 31 December 2015 and 2014 was as follows:

	Guaranteed remuneration R'000	Contributions to Medical aid R'000	Contributions to Retirement funds R'000	Incentive bonuses R'000	Share-based payments* R'000	Total remuneration R'000
2015						
Non-executive directors						
JE Hoelter	**1 654**	**–**	**–**	**–**	**659**	**2 313**
DM Nurek	**1 245**	**–**	**–**	**–**	**659**	**1 904**
E Oblowitz	**356**	**–**	**–**	**–**	**–**	**356**
RJA Sparks	**354**	**–**	**–**	**–**	**–**	**354**
H Wessels	**323**	**–**	**–**	**–**	**–**	**323**
	3 932	**–**	**–**	**–**	**1 318**	**5 250**
Executive directors						
C Jowell	**1 542**	**22**	**–**	**840**	**659**	**3 063**
NI Jowell	**3 202**	**43**	**–**	**2 100**	**659**	**6 004**
JE McQueen	**3 334**	**43**	**266**	**478**	**659**	**4 780**
HR van der Merwe	**902**	**43**	**95**	**100**	**–**	**1 140**
	8 980	**151**	**361**	**3 518**	**1 977**	**14 987**
Aggregate remuneration 2015	**12 912**	**151**	**361**	**3 518**	**3 295**	**20 237**
2014						
Non-executive directors						
JE Hoelter	1 285	–	–	–	413	1 698
DM Nurek	1 011	–	–	–	413	1 424
E Oblowitz	331	–	–	–	–	331
RJA Sparks	330	–	–	–	–	330
H Wessels	271	–	–	–	–	271
	3 228	–	–	–	826	4 054
Executive directors						
C Jowell	1 329	20	–	1 042	413	2 804
NI Jowell	2 881	28	–	2 606	413	5 928
JE McQueen	3 022	39	254	593	413	4 321
HR van der Merwe	844	39	89	–	–	972
	8 076	126	343	4 241	1 239	14 025
Aggregate remuneration 2014	11 304	126	343	4 241	2 065	18 079

* Award of shares by Textainer for services rendered as directors of Textainer.

33. Contingent liabilities, guarantees and other commitments

The company has warranted the performance and obligations of certain subsidiary companies in terms of a number of partnership agreements entered into with third parties. The partnerships were established for the purposes of purchasing and selling marine cargo containers. At 31 December 2015, the aggregate amount attributable to third parties in terms of these arrangements and payable to them over the remaining term of the underlying contracts was R126 million (2014: R165 million) (refer to note 9.4).

34. Accounting estimates and judgements

Management determines the development, selection and disclosure of critical accounting policies and estimates and the application of these policies and estimates. Certain critical judgements in applying these accounting policies are described below:

34.1 Marine cargo containers

34.1.1 Residual values

IFRS requires the reassessment of the residual values of containers, which are then used to determine the amount by which containers are depreciated, at least at each financial year-end. In accordance with IFRS, residual values are determined using current market conditions and are therefore likely to fluctuate over time as market prices fluctuate (ie will reflect market volatility). IFRS defines the residual value of a container as the estimated amount that would currently be obtained from the disposal of a container, after deducting the estimated costs of disposal, if the container were already of the age and in the condition expected at the end of its useful life. This requirement necessitated a reassessment of the residual values of the container fleets at 31 December 2015. This is in contrast to US GAAP (being the financial reporting framework for the statutory financial statements of Textainer and TAC) which takes a long-term view of the value to be realised on disposal of each container up to 12 to 14 years in the future (ie market fluctuations in price are not taken into account in the reassessment of residual values unless they persist for extended periods of time). Management reviews residual values at each financial reporting date.

The resale values of containers can vary significantly depending on, among other factors, location at time of sale, the condition of the container, customer demand and overall market conditions. Recent average sales prices for containers were considered by major asset type and the residual values were adjusted accordingly at year-end.

Due to the fact that the resale prices of containers at end of useful life (ie residual value) represent a significant proportion of original cost (resale prices have shown to be 50-60% of original cost based on a 10 year historical average), the prospective depreciation charge is therefore highly sensitive to movements in residual values that are reassessed at each financial reporting date.

34.1.2 Impairment

Impairment exists when the estimated future discounted cash flows to be generated by a cash-generating unit are less than the net book value of that cash-generating unit. At each reporting date management of the relevant operating companies assesses whether there is evidence that the containers held for use in the leasing operation are impaired. Such evidence would include a decline in the results of operations or the container residual values. In estimating the future discounted cash flows to be generated by a cash-generating unit, management uses assumptions that are part of the long-term planning forecasts of the entities concerned. Some of the significant estimates and assumptions used to determine future expected cash flows were: expected future lease rates, expected utilisation, remaining useful lives, remaining on-hire periods for expired fixed term leases, direct container expenses and expected disposal prices of containers. In performing the impairment analysis assumptions used reflected the contractually stipulated per diem rates, with renewal based on current market rates.

At each reporting date, management reviews whether there are any indicators that the containers held in use are further impaired or whether a reversal of impairment is required. An impairment loss is reversed only if there is a change in the estimates used to determine the recoverable amount.

34. Accounting estimates and judgements (continued)

34.2 Long-term receivables

34.2.1 Discount rate

US dollar cash streams

The discount rate that is applied to reduce the future long-term dollar receivable stream to its net present value is determined by the board from time to time and reflects the applicable risk free rate (being the United States Daily Treasury yield curve rate for the appropriate term ie seven years) adjusted for a specific risk premium. In determining the amount of the specific risk premium to be applied, the board takes cognisance of the then prevailing market conditions.

Rand cash streams

The discount rate that is applied to reduce the future stream of rand amounts attributable to the company's export partners in respect of the long-term receivables to its net present value is determined by the board from time to time and reflects the applicable risk free rate (being the Bond Exchange of South Africa yield curve rate for the appropriate term ie seven years) adjusted for an appropriate risk premium.

34.2.2 Fair value adjustment

In calculating the amount of the fair value adjustment to the value of the net investment in long-term receivables that arose from the sale of marine cargo containers, mainly through export partnerships, management considers both the collectability and the anticipated timing of the receipt of future instalments.

Forecasts of anticipated cash collections assist management in determining the necessity for and the amount of any fair value adjustment that may be required. These forecasts are based on estimates and judgements by management of, inter alia, the following variables for the remaining economic lives of the containers:

- New container prices
- Estimated economic life of containers
- Resale prices of used containers
- Container lease rates
- Container fleet utilisations
- Prevailing interest rates
- Past payment history

Management believes that forecast and/or assumptions are based on competent industry knowledge and experience.

35. Restatement

During 2015, it came to light that in converting the financial statements of TAC from US GAAP to IFRS and in calculating the fair values of the assets and liabilities of TAC on step up to control at 1 July 2013, a constructive obligation existing in TAC had not been taken into account. As a result of this, at 1 July 2013, interest-bearing borrowings were understated by R371 million, non-controlling interests were overstated by R207 million and this gave rise to goodwill of R110 million and the bargain purchase gain of R54 million recognised at the time has been reversed. The effect on profit attributable to equity holders in 2014 was immaterial.

	Group		
	Amount previously reported Rm	Change Rm	Restated amount Rm
Consolidated statement of financial position			
1 January 2014			
Intangible assets and goodwill	305	116	421
Others	44 323	–	44 323
Total assets	44 628	116	44 744
Interest-bearing liabilities	(26 936)	(362)	(27 298)
Current portion of interest-bearing borrowings	(1 943)	(35)	(1 978)
Others	(1 190)	–	(1 190)
Total liabilities	(30 069)	(397)	(30 466)
Retained earnings	(5 169)	57	(5 112)
Foreign currency translation reserve	(1 983)	3	(1 980)
Non-controlling interests	(6 647)	221	(6 426)
Others	(760)	–	(760)
Total equity	(14 559)	281	(14 278)
Total equity and liabilities	(44 628)	(116)	(44 744)
31 December 2014			
Intangible assets and goodwill	288	128	416
Others	53 641	–	53 641
Total assets	53 929	128	54 057
Interest-bearing liabilities	(31 976)	(397)	(32 373)
Current portion of interest-bearing borrowings	(3 128)	(36)	(3 164)
Others	(1 604)	–	(1 604)
Total liabilities	(36 708)	(433)	(37 141)
Retained earnings	(5 722)	55	(5 667)
Foreign currency translation reserve	(2 774)	9	(2 765)
Non-controlling interests	(7 953)	241	(7 712)
Others	(772)	–	(772)
Total equity	(17 221)	305	(16 916)
Total equity and liabilities	(53 929)	(128)	(54 057)

35. Restatement (continued)

	Group		
	Amount previously reported Rm	Change Rm	Restated amount Rm
Consolidated statement of comprehensive income for the year ended 31 December 2014			
Interest expense	(970)	(20)	(990)
Others	3 017	–	3 017
Profit for the year	2 047	(20)	2 027
Other comprehensive income			
Foreign currency translation differences	1 516	(29)	1 487
Total comprehensive income for the year	3 563	(49)	3 514
Total comprehensive income for the year attributable to:			
Equity holders of the company	1 751	(4)	1 747
Non-controlling interests	1 812	(45)	1 767
	3 563	(49)	3 514
Profit for the year attributable to:			
Equity holders of the company	960	2	962
Non-controlling interests	1 087	(22)	1 065
	2 047	(20)	2 027
Basic earnings per share (cents)	542,0	1,2	543,2
Headline earnings per share (cents)	546,6	1,3	547,9
Adjusted earnings per share (cents)	519,4	1,3	520,7
Consolidated statement of cash flows for the year ended 31 December 2014			
Cash generated from operations	6 534	–	6 534
Dividends paid to non-controlling interests	(631)	25	(606)
Others	(8 628)	–	(8 628)
Net cash outflow from operating activities	(2 725)	25	(2 700)
Cash inflow from investing activities	17	–	17
Cash inflow from financing activities	2 851	(25)	2 826
Net increase in cash and cash equivalents before exchange rate fluctuations	143	–	143
Cash and cash equivalents at the beginning of the year	2 744	–	2 744
Effects of exchange rate fluctuations on cash and cash equivalents	273	–	273
Cash and cash equivalents at the end of the year	3 160	–	3 160

36. Going concern

The directors consider that the company and its subsidiaries have adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the group and company financial statements.

37. Events after reporting date

Subsequent to the year-end, Trencor's interest in the companies that own and operate Grand Central Airport (refer to note 7), was disposed of effective 17 June 2016, realising proceeds of R39,7 million. In line with IAS 10 *Events after the Reporting Period,* the resulting effect is a non-adjusting event that is not recognised in the financial statements.