Notes to the consolidated annual financial statements continued

for the year ended 30 September

30. Insurance contracts

Certain transactions are entered into by the group as insurer which falls within the definition of insurance contracts per IFRS 4 Insurance Contracts.

- The following are included as part of equipment's maintenance contracts, provision of parts and components, on-site labour, support staff and assets (eg vehicles, computers, tooling) to the customer combined with expertise, in order to maintain the customers fleet.
- All full maintenance lease contracts are included in automotive's insurance contracts and all upfront maintenance contracts Avis Fleet Services administers on behalf of OEM are excluded.

	2015 Rm	2014 Rm	2013 Rm
Income	**2 112**	2 029	2 260
Expenses	**1 537**	1 285	1 547
Cash inflow	**345**	344	358
Liabilities:			
At the beginning of the year	**854**	737	589
Amounts added	**581**	625	1 272
Amounts used	**(342)**	(355)	(1 041)
Amounts reversed unused	**(140)**	(136)	(128)
Fair value adjustment on discount effect	**(9)**	(24)	(11)
Acquisition of subsidiaries			33
Disposal of subsidiaries		(13)	(9)
Translation difference	**16**	20	32
At the end of the year	**959**	854	737
Maturity profile:			
Within one year	**627**	574	453
Two to five years	**290**	262	273
More than five years	**42**	18	11
	959	854	737
Assets:			
At the beginning of the year	**324**	224	284
Amounts added	**1 484**	1 578	1 562
Amounts used	**(1 535)**	(1 480)	(1 640)
Acquisition of subsidiaries			7
Translation difference	**9**	2	10
At the end of the year	**282**	324	224
Age analysis of items overdue but not impaired:			
Overdue 30 to 60 days		3	2
Overdue 60 to 90 days	**1**	1	8
Overdue 90+ days	**(2)**	(1)	
	(1)	3	10

Notes to the consolidated annual financial statements continued

for the year ended 30 September

30. Insurance contracts continued

Significant assumptions and risks arising from insurance contracts

Maintenance contracts

Maintenance contracts are offered to customers in the equipment and automotive segments. The contracts are managed internally through ongoing contract performance reviews, review of costs and regular fleet inspections. Risks arising from maintenance contracts includes component lives, component failure and cost of labour. The contracts consist of a variety of forms but generally include cover for regular maintenance as well as for repairs due to breakdowns and component failure which is not covered by manufacturer's warranties or other external maintenance plans. The amounts above include the estimated portion of contracts that meet the definition of an insurance contract. Revenue is recognised on the percentage of completion method based on the anticipated cost of repairs over the life cycle of the equipment/vehicles. If the costs incurred exceed the revenue over the expected life of the policy, the future losses are accounted for immediately in profit and loss based on the present value of the contract loss.

In automotive the assets and liabilities are measured based on actuarial valuations done and in equipment they are based on cash flow projections.

Financial risk mainly relates to credit risk but credit quality of customers is generally considered to be good and similar to the rest of the group's operations. Risks are spread over a large diversity of customers, fleets of equipment and vehicles and geographically in southern Africa and Europe.

31. Financial instruments

The group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank borrowings, money and capital market borrowings, leases, hire-purchase agreements discounted with recourse and derivatives. Details of the amounts discounted with recourse are included in note 30. Derivative instruments are used by the group for hedging purposes. Such instruments include forward exchange, currency option contracts and interest rate swap agreements. The group does not speculate in the trading of derivative instruments.

		Notes	2015 Rm	2014 Rm	2013 Rm
31.1	**Summary of financial instruments**				
31.1.1	*Summary of the carrying and fair value of financial instruments*				
	Carrying value of financial instruments by category:				
	Financial assets:				
	Financial assets at fair value through profit or loss				
	– Designated as such at initial recognition	7, 10	**45**	45	46
	– Held-for-trading items	7, 10	**59**	35	5
	Held to maturity investments	7, 10	**367**		
	Available-for-sale financial assets	7	**5**	5	5
	Loans and receivables	7, 10, 11	**10 656**	11 581	9 154
	Derivative assets designated as effective hedging instruments	7, 10	**77**	59	51
	Finance lease receivables	6, 10	**400**	269	252
	Total carrying value of financial assets		**11 609**	11 993	9 512
	Financial liabilities:				
	Financial liabilities at fair value through profit or loss				
	– Designated as such at initial recognition	16, 17			24
	Financial liabilities measured at amortised cost	14, 16, 17, 18	**21 340**	19 799	18 435
	Derivative liabilities designated as effective hedging instruments	16, 17, 18	**20**	15	6
	Total carrying value of financial liabilities		**21 360**	19 814	18 465