

Notes to the Group financial statements *continued*

for the year ended 31 December 2015

2 RESULTS OF OPERATIONS (continued)

2.5 Finance income and finance costs

Finance income

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss, net foreign exchange gains and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs

Finance costs comprise interest expenses on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, net foreign exchange losses and any losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, unless the borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, in which case the directly attributable borrowing costs are capitalised.

	2015 Rm	2014 ² Rm
Interest income on loans and receivables	2 173	789
Interest income on bank deposits	3 269	2 313
Finance income	5 442	3 102
Interest expense on financial liabilities measured at amortised cost	(6 981)	(5 669)
Net foreign exchange losses ¹	(1 471)	(1 101)
Finance costs	(8 452)	(6 770)
Net finance costs recognised in profit or loss	(3 010)	(3 668)

¹ The foreign exchange gains and losses have been determined on an instrument-by-instrument basis.

² Foreign exchange gains and losses have been disclosed on a net basis (refer to note 1.6.3).