

Notes to the group financial statements continued

for the year ended 31 December 2017

8 EQUITY STRUCTURE (continued)

8.2 Other reserves

	2017 Rm	2016 Rm
Balance at the beginning of the year	763	18 595
Share-based payment transactions	1 158	2 920
Exchange differences on translating foreign operations	(8 524)	(21 862)
Foreign exchange movement on hedging instruments	1 421	(1 887)
Net change in fair value of available-for-sale investments	4 439	2 672
Other	(229)	325
Balance at the end of the year	(972)	763
Consisting of:		
Contingency reserve (as required by insurance regulations) ¹	4	4
Statutory reserve (as required by Rwanda and Congo-Brazzaville legislation) ²	211	211
Transactions with non-controlling interests ³	(11 396)	(11 396)
Share-based payment transactions ⁴	7 124	5 966
Foreign currency translation reserve ⁵	(4 029)	3 074
Available-for-sale reserve ⁶	7 111	2 672
Other	3	232
	(972)	763

¹ A contingency reserve has been created in terms of the Short-term Insurance Act, 1988. Transfers to the contingency reserve are treated as an appropriation of income, and the balance of the reserve is disclosed in the statement of financial position as a non-distributable reserve, forming part of shareholders' funds. On dissolution of the structured entities to which the reserve relates, they will become available for distribution.

² A statutory reserve has been created in terms of local legislation. Transfers to the statutory reserve are treated as an appropriation of income, and the balance of the reserve is disclosed in the statement of financial position as a non-distributable reserve, forming part of the shareholders' funds.

³ Non-controlling shareholders are treated as equity participants and, therefore, all acquisitions of non-controlling interests or disposals by the group of its interests in subsidiary companies where control is maintained subsequent to the disposal are accounted for as equity transactions. Consequently, the difference between the fair value of the consideration transferred and the carrying amount of a non-controlling interest purchased is recorded in equity. All profits or losses arising as a result of the disposal of interests in subsidiaries to non-controlling shareholders, where control is maintained subsequent to the disposal, are also recorded in equity.

⁴ Refer to the accounting policy in note 8.4 with regard to equity-settled share-based payments.

⁵ Refer to the translation and disposal of foreign operations sections in accounting policy 1.3.2 foreign currency. The group's functional and presentation currency is rand. The strengthening of the closing rate of the rand against the functional currencies of the group's largest operations contributed significantly to the decrease in assets and liabilities and the resulting foreign currency translation reserve net reduction of R8 524 million (2016: R21 862 million) since 31 December 2016. The amount also comprises foreign currency gains arising on the translation of financial liabilities designated as net investment hedges in a foreign operation of R1 421 million (2016: R1 887 million losses). Following the exercise of the exchange right in INT Towers Limited (note 2.3 other income), a foreign currency translation loss of R3 298 million was released to the income statement.

⁶ This comprises all fair value adjustments on all financial assets that have been classified as available-for-sale. On the disposal or impairment of available-for-sale financial assets, the cumulative gains recognised on these instruments are recognised in profit or loss.