



THE SUPREME COURT OF APPEAL OF SOUTH AFRICA

MEDIA SUMMARY OF JUDGMENT DELIVERED IN THE SUPREME COURT OF APPEAL

FROM The Registrar, Supreme Court of Appeal

DATE 19 March 2015

STATUS Immediate

Please note that the media summary is for the benefit of the media and does not form part of the judgment.

***Euro Blitz 21 (Pty) Ltd & another v Secena Aircraft Investments CC (102/14) [2015]
ZASCA 21 (19 March 2015)***

MEDIA STATEMENT

Today the Supreme Court of Appeal (SCA) upheld the appellants' appeal and set aside the order of the South Gauteng High Court, Johannesburg.

The issue for determination was whether the interest envisaged in the order of the trial court constituted simple or compound interest.

The respondent issued summons against the appellants in the trial court, claiming payment of arrear rental plus interest and costs, based on a written lease agreement entered into between the parties. After hearing argument, the trial court was satisfied that the respondent had proved on a balance of probabilities that the appellants had breached the terms of the lease agreement. It accordingly granted judgment in favour of the respondent and the appellants were ordered inter alia, to pay the respondent interest at prime plus 5 per cent calculated daily with effect from 24 March 2006 to date of payment. Subsequently the respondent launched application proceedings in the South Gauteng High Court, Johannesburg, seeking a declarator that the trial court's order in relation to interest payable meant interest calculated at 5 per cent above the prime rate of interest and that such interest was to be calculated daily and compounded daily. The high court held that the words 'calculated daily' in the order permitted no other interpretation than that interest was to be compounded daily.

The appellants submitted that the word 'calculated' in the order must be ascribed its ordinary grammatical meaning. Furthermore, as there was no averment or evidence of an agreement that interest shall be compounded, the order must accordingly be interpreted to provide for simple interest only. The respondent contended on the other hand, that if the intention was to calculate interest on the arrear amount outstanding on a daily basis, then there was no need to include the words 'calculated daily' in the order and that their inclusion could only mean that interest was to be compounded on a daily basis.

The SCA held that it was trite law that the rules applicable to the interpretation of documents were applicable to the interpretation of a judgment or order of court. It noted that if there was no uncertainty in the meaning of the words, the court's intention must be established primarily from the language of the judgment or order as construed according to the usual, well-known rules of interpretation of documents.

The SCA held, in addition, that having regard to the rules of interpretation, the word 'calculated' in the trial court's order pertaining to interest, must be given its grammatical and ordinary meaning, unless that would result in some absurdity, repugnancy or inconsistency with the rest of the order. It therefore followed that the respondent's contention that the words 'calculated daily' in the order envisaged that interest was to be compounded daily, was legally untenable and could not be sustained.

The SCA noted further that it was also trite law that compound interest was claimable only in certain defined circumstances, namely, where parties agreed to pay compound interest; if the obligation to pay interest was alleged, and if it was established by evidence that a universal custom of lessors charging compound interest on arrear rentals was uniformly and universally observed throughout leasing practices in South Africa. In this regard, the court found that the respondent failed to establish any of these grounds and at the trial the respondent never raised or argued any of these points.

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