2014

FINANCIAL STATEMENTS

for the year ended 30 September 2014

Transaction Capital

CONTENTS

These consolidated and separate financial statements have been prepared under the supervision of MD Herskovits CA(SA), chief financial officer.

DIRECTORS' RESPONSIBILITY STATEMENT

for the year ended 30 September 2014

The directors of Transaction Capital are responsible for the preparation and fair presentation of the annual financial statements of the group and the company in accordance with International Financial Reporting Standards and the Financial Reporting Guides as issued by the Accounting Practices Board and in the manner required by the Companies Act, 71 of 2008, of South Africa (Companies Act).

The directors' responsibilities include designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these annual financial statements to ensure that they are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. The responsibilities also include maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the company's and the group's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditors are responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF GROUP ANNUAL FINANCIAL STATEMENTS AND ANNUAL FINANCIAL STATEMENTS

The annual financial statements on pages 11 to 82 were approved by the board of directors on 25 November 2014, and are signed on their behalf.

DAVID M HURWITZ
Chief executive officer

MARK D HERSKOVITS
Chief financial officer

COMPANY SECRETARY'S CERTIFICATE

for the year ended 30 September 2014

In terms of section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge and belief, the company has filed all required returns and notices in terms of that Act, in respect of the year under review, with the Companies and Intellectual Property Commission and that all such returns and notices appear to be true, correct and up to date.

PETER KATZENELLENBOGEN
Company secretary

25 November 2014

DIRECTORS' REPORT

for the year ended 30 September 2014

NATURE OF BUSINESS

The company is an investment holding company owning a portfolio of operating subsidiaries.

The company's issued ordinary shares are listed on the JSE Limited.

The group operates in two principal areas: asset-backed lending and credit services. The nature of the business of the main operating subsidiaries and a review of each is set out in the group profile on the company website. The segmental report can also be found on the company website as part of the audited financial results. There were no acquisitions in the year under review.

The sale of Paycorp Holdings Proprietary Limited (Paycorp) became effective on 1 November 2013, on which date proceeds of R937 million were received.

The sale of Bayport Financial Services 2010 Proprietary Limited and Zenthyme Investments Proprietary Limited (Bayport) was effective on 31 December 2013, with proceeds of R1.3 billion for Transaction Capital's 82.65% stake received on 10 January 2014.

Subsequent to the two disposals, a capital distribution of 210 cents per share was paid to shareholders on 17 March 2014.

FINANCIAL RESULTS

The results of the company and the group are set out in the annual financial statements.

DIRECTORATE AND COMPANY SECRETARY

The names and a brief curriculum vitae of the directors and company secretary in office at the date of this report are set out in the directorate section on the company website.

The following changes to the board of directors took place during the financial year:

- With effect from 26 November 2013:
  - Steven Kark and Cedric Ntumba resigned as directors.
- With effect from 15 January 2014:
  - Mark Lamberti resigned as chief executive officer to become non-executive chairman of the board. Christopher Seabrooke became the lead independent non-executive director;
  - David Hurwitz was appointed as the chief executive officer (CEO); and
  - Mark Herskovits was appointed to the board as the chief financial officer (CFO).
- With effect from 5 March 2014:
  - Mark Lamberti resigned from the board;
  - Christopher Seabrooke was appointed the chairman of the board; and
  - Roberto Rossi became a non-executive director.

DIRECTORS' REPORT continued

for the year ended 30 September 2014

INTEREST OF DIRECTORS IN THE COMPANY'S SHARES

The direct and indirect interest of the directors in the ordinary shares of the company at the end of the financial year, categorised as beneficial and non-beneficial, is as follows:

	2014 '000	% Shareholding	2013 '000	% Shareholding
Executive directors				
*Indirect, non-beneficial holdings^*				
DM Hurwitz	6 605	1	6 605	1
JM Jawno	82 207	14	82 207	14
S Kark@	–	–	29 182	5
MJ Lamberti@	–	–	40 000	7
MP Mendelowitz	82 207	14	82 207	14
R Rossi	82 207	14	82 207	14
Direct, beneficial holdings				
DM Hurwitz	125	<1	125	<1
MD Herskovits#	839	<1	–	–
Non-executive directors				
*Indirect, non-beneficial holdings^*				
P Langeni	5	<1	88	<1
K Ntumba@	–	–	–	–
C Seabrooke	2 000	<1	1 200	<1
D Tabata	–	–	–	–
S Zagnoev*	52 443	9	52 443	9
Direct, beneficial holdings				
DF Woollam	1 150	<1	1 150	<1
	309 788		377 154	
Percentage of issued shares	54.1%		64.5%	

^ *Indirect non-beneficial holdings comprise shares held in discretionary trusts or other entities not directly owned by directors.*
# *Appointed during the year.*
@ *Resigned during the year.*
* *Representing Ethos Technology Fund I and Ethos Private Equity Fund V comprising various private equity investors on whose behalf he is a partner.*

There have been no changes in the above holdings between the end of the financial year and the date of issue of the annual report.

DIVIDENDS

A final dividend of 10 cents (2013: 12 cents) per share for the year ended 30 September 2014 has been declared, payable on or about 22 December 2014 to shareholders registered at 19 December 2014.

An interim dividend of 6 cents (2013: 9 cents) per share was paid to shareholders registered on 6 June 2014.

SHARE CAPITAL AND PREMIUM

The following changes took place during the year under review

	2014		2013	
	Number of shares '000	R'000	Number of shares '000	R'000
Beginning of year	582 581	1 779 495	584 304	1 791 753
Shares repurchased from participants of the Transaction Capital Limited General Share Scheme:				
– Repurchased and cancelled	(6 790)	(50 164)	(1 723)	(12 258)
– Held as treasury shares	(2 643)	(15 071)		
Shares repurchased on the open market and cancelled	(3 519)	(22 168)		
Capital distribution to shareholders		(1 209 161)		
	569 629	482 931	582 581	1 779 495

All shares repurchased and cancelled reverted to authorised unissued shares.

The average purchase price of the 12 951 930 shares repurchased was 718 cents per share.

DIRECTORS' REPORT continued

for the year ended 30 September 2014

BORROWINGS

The memorandum of incorporation of the company does not place any restrictions on the borrowing powers of the company or the group. Details of borrowings at the end of the financial year are set out in note 16 to the consolidated annual financial statements.

LITIGATION

There are no current or pending legal proceedings against the group which are anticipated to materially affect its financial position.

SUBSIDIARIES

Details of subsidiaries and of changes in holdings are set out in note 16 of the company financial statements.

SUBSEQUENT EVENTS

No material events took place subsequent to year-end.

EMPLOYEE INCENTIVE SCHEMES

The group operates share incentive initiatives for employees, including directors.

TRANSACTION CAPITAL SHARE APPRECIATION RIGHTS PLAN (THE "PLAN")

Further disclosure relating to the Plan is set out in note 26 of the group financial statements.

TRANSACTION CAPITAL GENERAL SHARE SCHEME (THE "SCHEME")

The purpose of the Scheme is to provide employees of the group with loans to acquire shares in Transaction Capital Limited.

The Scheme was largely wound down in March 2014 when 6 505 934 shares were repurchased from participants in terms of the Scheme Rules.

The following is a summary of movements during the current year:

	No of shares '000	R'000
Balances at September 2012	**19 728**	**140 020**
Payments made including dividends	–	(3 319)
Interest charged	–	7 109
Withdrawals	(3 678)	(24 765)
Balances at September 2013	**16 050**	**119 045**
Payments	(5 345)	(31 002)
Dividends	–	(1 611)
Capital distribution	–	(12 665)
Interest charged	–	2 405
Withdrawals/repurchases	(9 433)	(69 905)
Balances at September 2014	**1 272**	**6 267**
Shares held by directors under the scheme included above:		
30 September 2014	**1 272**	**6 267**
30 September 2013	**4 758**	**37 596**
Shares held by prescribed officers under the scheme included above:		
30 September 2014	**–**	**–**
30 September 2013	**1 448**	**11 789**

All the shares have vested in the participants. The balances outstanding bear interest at prime overdraft rate less 2% (or prime overdraft rate less 5% for grants prior to 30 September 2010).

DIRECTORS' REPORT continued

for the year ended 30 September 2014

ASSISTED OFFERS

The following is a summary of movements during the current year:

	No of shares '000	R'000
Balances at September 2012	**9 442**	**47 367**
Payments made including dividends	–	(1 368)
Interest charged	–	1 288
Withdrawals	(4 256)	(22 986)
Balances at September 2013	**5 186**	**24 301**
Payments	(5 067)	(13 913)
Dividends	–	(543)
Capital distribution	–	(9 354)
Interest charged	–	390
Withdrawals	(119)	(880)
Balances at September 2014	**–**	**–**
Shares held by directors under the scheme included above:		
30 September 2014	**–**	**–**
30 September 2013	2 828	18 403

TRANSACTION CAPITAL SHARE TRUST

The following is a summary of movements during the current year:

	No of shares '000	R'000
Balances at 30 September 2011	**14 564**	**50 196**
Payments made	(12 196)	(33 318)
Interest charged	–	2 668
Balances at 30 September 2012	**2 368**	**19 546**
Payments made	(2 368)	(19 554)
Interest charged	–	8
Balances at 30 September 2013	**–**	**–**

SPECIAL RESOLUTIONS PASSED BY SUBSIDIARIES

None of the company's subsidiaries passed special resolutions relating to their capital structure, borrowing powers or objects clauses contained in their memorandum of association or any other material matter other than the increases in authorised share capital by SA Taxi Finance Holdings Proprietary Limited.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

for the year ended 30 September 2014

The responsibilities of the audit, risk and compliance committee (the committee) are set out in the Companies Act, Transaction Capital's Memorandum of Incorporation, the King Code on Corporate Governance (King III) and the JSE Limited Listings Requirements. The committee's terms of reference are reviewed annually and approved by the board.

COMPOSITION

The audit committee and the risk and compliance committee were combined during the year to form the committee.

The committee comprises three independent non-executive directors, all of whom are financially literate and have adequate financial and commercial experience to fulfil their roles as members. Two members of the committee form a quorum.

The committee comprised the following members during the year and to the date of this report:

> D Woollam (Chairperson)
> C Seabrooke
> P Langeni

C Ntumba resigned as director of the company and as a member of the committee on 26 November 2013.

The effectiveness of the committee and its members is assessed on an annual basis.

Members are elected annually by the group's shareholders on recommendation from the nominations committee. The board may remove members of the committee and must fill vacancies within 40 days. Access to training is provided on an ongoing basis to assist members in discharging their duties.

The chairperson of the board is a member of the committee. Permanent invitees include: CEO David Hurwitz, CFO Mark Herskovits, executive director Jonathan Jawno, non-executive director Shaun Zagnoev (representing Ethos Technology Fund I and Ethos Private Equity Fund V comprising various private equity investors on whose behalf he is a partner), external and internal audit representatives, risk and compliance executives.

The external auditors attend all committee meetings and separate meetings are held to afford them the opportunity to meet with the committee without the presence of management (as necessary).

Representatives from internal audit attend all committee meetings and are similarly afforded the opportunity of separate meetings. The group internal audit executive has a functional reporting line to the committee chairperson and an operational reporting line to the CEO.

ROLE AND RESPONSIBILITIES

The key functions and responsibilities of the committee as outlined in the terms of reference include oversight of:

The preparation of the integrated report:

> Comment on the annual financial statements, accounting practices and internal financial controls;
> Review the annual financial statements and other financial reports; and
> Ensure the integrity of the integrated report including assisting the board in approving disclosure of sustainability issues.

Combined assurance:

> Monitor the appropriateness of the intended combined assurance model to provide a coordinated approach to all assurance activities;
> Review the skills, resources and experience of the company's finance function annually and report the results in the integrated report; and
> Review the suitability of the skills and experience of the CFO.

Internal audit:

> Review the independence, performance and effectiveness of the internal audit process and ensure that it has the necessary resources, budget, standing and authority to discharge its functions;
> Ensure that the internal audit function is periodically, but at least every five years, subjected to an independent quality review to ensure that it remains effective; and
> Review the suitability of the skills and experience of the internal audit executive.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT continued

for the year ended 30 September 2014

Risk management:

> The committee oversees the management of:
  - Financial reporting risks;
  - Internal financial controls;
  - Fraud risks relating to financial reporting;
    - Tax risk;
    - IT risks;
    - Compliance risks; and
    - the group's capital and funding requirements with oversight over the asset and liability committee and its policies.

External audit:

> Recommend the appointment of the external auditor;
> Nominate the external auditor for appointment by the shareholders;
> Approve the external auditor engagement terms including remuneration;
> Monitor the relationship between the external auditors and management;
> Report on the independence of the external auditor in the annual financial statements;
> Define a policy for non-audit services provided by the external auditor and pre-approve contracts for non-audit services outside this policy; and
> Review the performance and effectiveness of the external audit process.

Reporting line – whistleblowing:

> Review the arrangements by which stakeholders may in confidence and with total anonymity raise concerns about possible improprieties;
> Ensure that arrangements are in place to independently investigate such matters and that adequate controls are implemented to prevent recurrence; and
> Consider significant findings of investigations and management's response thereto.

Governance:

> In liaison with external and internal audit, review the developments in corporate governance and surrounding best practices and consider their impact and implication for the businesses' processes and structures;
> Review the disclosure of the role of the committee as included in the integrated annual report;
> Be available at all times to advise the chairperson of the board on queries relating to the financial affairs and internal controls; and
> Receive and deal with concerns or complaints relating to accounting practices, internal control, content or auditing of the financial statements, internal financial controls and any related matters.

Accounting:

> Make submissions to the board on accounting policies, financial controls, records and reporting.

Risk:

> Oversees the development and annual review of a policy and plan for risk management for recommendation to the board;
> Monitors implementation of the policy and plan for risk management; and
> Ensures that continuous risk monitoring by management takes place within the levels of risk tolerance approved by the board.

Compliance:

> The committee has oversight over the compliance with applicable laws and regulations.

Requirements of the Act:

> Responsibility for all subsidiary companies that do not have their own audit committees, which responsibilities include:
  - Reviewing the formalised process used for performing functions on behalf of subsidiaries; and
  - Ratifying annually the list of subsidiaries for which responsibility is assumed.

The committee reports that it has adopted appropriate formal terms of reference to discharge its responsibilities, has regulated its affairs and has discharged all of its responsibilities as contained therein.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT continued

for the year ended 30 September 2014

CONCLUSIONS

Having considered, analysed, reviewed and debated information provided by management, internal and external audit the committee confirms that:

> The internal controls of the group have been effective in all material aspects throughout the year under review;

> These controls have ensured that the group's assets have been safeguarded;

> Proper accounting records have been maintained;

> Resources have been utilised efficiently; and

> The skills, independence, audit plan, reporting and overall performance of the external auditors are acceptable and it recommends their re-appointment in 2015.

CHIEF FINANCIAL OFFICER

In terms of the JSE Limited Listings Requirements the committee had, at its meeting on 19 November 2014, satisfied itself as to the appropriateness of the expertise and experience of the CFO.

INTEGRATED REPORT

The committee has overseen the integrated reporting process, reviewed the integrated report and recommended the approval thereof to the board. The board has subsequently approved the integrated report.

EXTERNAL AUDIT

The committee has satisfied itself through enquiry that the auditors of the group are independent as defined by the Act.

The committee, in consultation with executive management, agreed to an audit fee for the year under review. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 22 to the annual financial statements.

INTERNAL AUDIT

The committee has satisfied itself of the independence, performance and effectiveness of the internal audit process. The committee has considered and recommended the internal audit charter for approval by the board, which has so approved it.

WHISTLE BLOWING

The committee dealt with any concern or complaints, whether from within or outside the company, relating to the accounting practices and internal audit of the company, the content or auditing of the company's financial statements, the internal financial controls of the company and related matters.

GOING CONCERN

The going concern assertion of the group, as prepared by management, was reviewed by the committee and recommended to the board.

ANNUAL FINANCIAL STATEMENTS

The committee has:

> Reviewed and discussed the audited annual financial statements included in the integrated report with the external auditors, the internal auditors, the CEO and the CFO;

> Reviewed the external auditors' management letter and management's response thereto;

> Reviewed significant adjustments resulting from external audit queries and accepted any unadjusted audit differences; and

> Received and considered reports from the internal auditors.

The committee concurs with and accepts the external auditors' report on the annual financial statements and has recommended the approval thereof to the board, which has subsequently approved the annual financial statements. These will be open for discussion at the forthcoming annual general meeting.

DAVID F WOOLLAM
Audit, risk and compliance committee chairperson

25 November 2014

SOCIAL AND ETHICS COMMITTEE REPORT

for the year ended 30 September 2014

The Social and Ethics Committee (the Committee) comprised the following members during the year and to the date of this report:

> Phumzile Langeni (Chairman)
> David Hurwitz
> Mark Herskovits

David Hurwitz and Mark Herskovits were appointed during the year under review.

Mark Lamberti and Cedric Ntumba resigned from the board of directors and the Committee on 5 March 2014 and 26 November 2013 respectively. Roberto Rossi resigned as a member of the Committee on 15 January 2014.

The Committee has adopted terms of reference as its charter and has regulated its affairs in compliance with this and has discharged all of the responsibilities set out therein.

The Committee was established to assist the Board of Directors in ensuring that Transaction Capital is and remains a good and responsible corporate citizen, and to perform the statutory functions required of a Social and Ethics Committee in terms of the Companies Act, 71 of 2008.

The Committee monitors relevant legislation and other legal requirements or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, transformation, the environment, health and public safety, as well as labour and employment. The Committee met twice during this financial year.

PHUMZILE LANGENI
Chairman
Social and ethics committee

25 November 2014

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TRANSACTION CAPITAL LIMITED

We have audited the consolidated and separate financial statements of Transaction Capital Limited, set out on pages 11 to 82 which comprise the consolidated statement of financial position as at 30 September 2014, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of Transaction Capital Limited, as at 30 September 2014 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 September 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

DELOITTE & TOUCHE
Registered Auditor
Per: Lito Nunes
Partner

25 November 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September

	Notes	2014 Rm	2013 Rm
ASSETS			
Cash and cash equivalents	1	**1 345**	673
Tax receivables		**17**	64
Trade and other receivables	2	**493**	505
Inventories	3	**4**	85
Loans and advances	4	**6 386**	10 232
Purchased book debts	5	**552**	420
Other loans receivable	6	**293**	280
Other investments	7	**238**	481
Equity accounted investments	8	**7**	4
Intangible assets	9	**19**	21
Property and equipment	10	**51**	96
Goodwill	11	**192**	594
Deferred tax assets	12	**93**	107
Non-current assets classified as held for sale	13	**–**	769
Total assets		**9 690**	14 331
LIABILITIES			
Bank overdrafts	1	**101**	71
Tax payables		**2**	2
Trade and other payables	14	**242**	361
Provisions	15	**18**	27
Interest-bearing liabilities	16	**6 178**	9 601
Senior debt		**4 911**	7 470
Subordinated debt		**1 267**	2 131
Deferred tax liabilities	12	**186**	194
Non-current liabilities directly associated with assets classified as held for sale	13	**–**	180
Total liabilities		**6 727**	10 436
EQUITY			
Ordinary share capital	17	**483**	1 779
Other reserves		**96**	385
Retained earnings		**2 384**	1 551
Equity attributable to ordinary equity holders of the parent		**2 963**	3 715
Non-controlling interests	18	**–**	180
Total equity		**2 963**	3 895
Total equity and liabilities		**9 690**	14 331

CONSOLIDATED INCOME STATEMENT

for the year ended 30 September

	Notes	2014 Rm	2013 Rm
Interest and other similar income	19	**1 413**	1 225
Interest and other similar expense	19	**(599)**	(539)
Net interest income	19	**814**	686
Impairment of loans and advances	20	**(322)**	(283)
Risk adjusted net interest income		**492**	403
Non-interest revenue	21	**1 133**	1 023
Total operating costs	22	**(1 220)**	(1 071)
Non-operating profit		**1**	–
Equity accounted income		**3**	4
Profit before tax		**409**	359
Income tax expense	23	**(79)**	(76)
Profit from continuing operations		**330**	283
Profit from discontinued operations	24	**607**	303
Profit for the year		**937**	586
Profit for the year from continuing operations attributable to:			
Ordinary equity holders of the parent		**330**	283
		330	283
Profit for the year from discontinued operations attributable to:			
Ordinary equity holders of the parent		**607**	261
Non-controlling interests		**–**	42
		607	303
Earnings per share			
Basic (cents per share)	25	**162.7**	93.2
Diluted basic (cents per share)	25	**162.3**	93.2
Headline (cents per share)	25	**61.0**	93.4
Headline – continuing (cents per share)	25	**57.3**	48.5
Headline – discontinued (cents per share)	25	**3.7**	44.9
Weighted average number of shares in issue (million)	25	**575.9**	583.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September

	2014 Rm	2013 Rm
Profit for the year	**937**	586
Other comprehensive income		
Movement in cash flow hedging reserve	**–**	7
Fair value gains/(losses) arising during the year	**<1**	10
Deferred tax	**<1**	(3)
Fair value (losses)/gains arising on valuation of available-for-sale investment	**(48)**	70
Other comprehensive income from discontinued operations	**–**	45
Total comprehensive income for the year	**889**	708
Total comprehensive income attributable to:		
Ordinary equity holders of the parent	**889**	659
Non-controlling interests	**–**	49
	889	708

The items in other comprehensive income may subsequently be reclassified to profit and loss. There are no tax implications on the fair value movements arising on the valuation of the available-for-sale investment.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September

	Number of ordinary shares million	Share capital and share premium Rm	Cash flow hedging reserve Rm	Available-for-sale reserve Rm	Share based payment reserve Rm	Retained earnings Rm	Ordinary equity holders of the parent Rm	Non-controlling interests Rm	Total equity Rm
Balance at 30 September 2012	584	1 792	(3)	271	–	1 112	3 172	132	3 304
Total comprehensive income	–	–	7	108	–	544	659	49	708
Profit for the year	–	–	–	–	–	544	544	42	586
Other comprehensive income	–	–	7	108	–	–	115	7	122
Recognition of share appreciation rights	–	–	–	–	2		2	–	2
Dividends paid	–	–	–	–	–	(105)	(105)	–	(105)
Transactions with non-controlling equity holders	–	–	–	–	–	–	–	(1)	(1)
Repurchase of shares	(1)	(13)	–	–	–		(13)	–	(13)
Balance at 30 September 2013	583	1 779	4	379	2	1 551	3 715	180	3 895
Total comprehensive income	–	–	–	(48)	–	937	889	–	889
Profit for the year	–	–	–	–	–	937	937	–	937
Other comprehensive income	–	–	–	(48)	–	–	(48)	–	(48)
Recognition of share appreciation rights	–	–	–	–	12	–	12	–	12
Dividends paid	–	–	–	–	–	(104)	(104)	–	(104)
Repurchase of treasury shares	(3)	(15)	–	–	–	–	(15)	–	(15)
Repurchase of shares	(10)	(72)	–	–	–	–	(72)	–	(72)
Capital distribution	–	(1 209)	–	–	–	–	(1 209)	–	(1 209)
Disposal of subsidiary companies	–	–	–	(253)	–	–	(253)	(180)	(433)
Balance at 30 September 2014	570	483	4	78	14	2 384	2 963	–	2 963

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September

	Notes	2014 Rm	2013 Rm
Cash flow from operating activities			
Cash generated by operations	27	**697**	668
Income taxes paid	28	**(53)**	(44)
Dividends received from discontinued operations	24	**4**	44
Dividends received from insurance activities		**128**	67
Dividends paid	29	**(104)**	(105)
Cash flow from operating activities before changes in operating assets and liabilities		**672**	630
Increase in operating assets and liabilities		**(601)**	(539)
Loans and advances		**(1 091)**	(3 177)
Purchased book debts		**(214)**	(119)
Net proceeds from interest-bearing liabilities		**704**	2 757
Increase in working capital		**(139)**	(263)
Inventories		**(2)**	–
Trade and other receivables		**(92)**	(112)
Trade and other payables		**(45)**	(151)
Net cash utilised by operating activities		**(68)**	(172)
Cash flow from investing activities			
Disposal of subsidiary companies		**2 264**	–
Acquisition of property and equipment		**(21)**	(25)
Acquisition of intangible assets		**(15)**	(8)
Disposal of property and equipment		**–**	2
Increase in unlisted investments		**(110)**	(50)
Re-classification of group loans		**280**	–
Increase in other loans receivable		**(13)**	(52)
Net cash generated/(utilised) by investing activities		**2 385**	(133)
Cash flow from financing activities			
Repurchase of shares		**(72)**	–
Repurchase of treasury shares		**(15)**	(13)
Capital distribution		**(1 209)**	–
Net cash utilised by financing activities		**(1 296)**	(13)
Net increase/(decrease) in cash and cash equivalents		**1 021**	(318)
Cash and cash equivalents at beginning of the year		**223**	541
Cash and cash equivalents at end of year		**1 244**	223
Cash flows from discontinued operations:			
Net (decrease)/increase in cash and cash equivalents	24	**(180)**	47
Cash and cash equivalents at beginning of the year	24	**449**	402
Cash and cash equivalents at the date of disposal/end of the year	24	**269**	449
Total cash and cash equivalents at the end of the year**		**1 244**	672**

The amounts in the 2014 and 2013 statement of cash flows relating to Paycorp Holdings Proprietary Limited and its subsidiaries and Bayport Financial Services 2010 Proprietary Limited and its subsidiaries were reclassified from continuing to discontinued operations.
*** This includes the cash balance of R70 million included in the non-current assets held for sale balance.*

ACCOUNTING POLICIES

for the year ended 30 September 2014

The financial statements of Transaction Capital Limited (the company), and the company and its subsidiaries (the group) are prepared in accordance with International Financial Reporting Standards (IFRS), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, AC 500 standards as issued by the Accounting Practices Board, the Johannesburg Stock Exchange (JSE) Listings Requirements, the going concern principle and the requirements of the South African Companies Act 71 of 2008.

The consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments which are measured at fair value.

The company and group statements of financial position are presented in order of liquidity. Reference to the current maturities of these financial assets and liabilities are disclosed in the statement of financial position notes and in the analysis of financial assets and liabilities. The accounting policies are consistent with the previous year.

The group has made the following accounting policy elections in terms of IFRS, with reference to the detailed accounting policies shown in brackets:

- property and equipment are accounted for using the cost model (accounting policy 4);
- intangible assets are accounted for using the cost model (accounting policy 6);
- regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting (accounting policy 8); and
- cumulative gains and losses recognised in other comprehensive income (OCI) in terms of a cash flow hedge relationship are transferred from OCI and included in the initial measurement of the non-financial asset or liability (accounting policy 8.6).

All monetary information and figures presented in these consolidated financial statements are stated in millions of South African Rand (Rm), unless otherwise indicated.

The principal accounting policies are set out below:

1. BASIS OF CONSOLIDATION

1.1 SUBSIDIARY COMPANIES AND OTHER CONTROLLED ENTITIES

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company.

Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. In assessing control, potential voting rights which presently are exercisable or convertible are taken into account.

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intra-group transactions, balances and unrealised gains or losses are eliminated on consolidation.

Special purpose entities

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular asset, or the execution of a specific borrowing or lending transaction. A SPE is consolidated if, based on an evaluation of the substance of its relationship with the group and the SPE's risks and rewards, the group concludes that it controls the SPE including SPEs that are owned by trusts.

The assessment of whether the group has control over an SPE is carried out at inception and normally no further reassessment of control is carried out in the absence of changes in the structure or terms of the SPE, or additional transactions between the group and the SPE. Day-to-day changes in market conditions normally do not lead to a reassessment of control. However, sometimes changes in market conditions may alter the substance of the relationship between the group and a SPE and in such instances the group determines whether the change warrants a reassessment of control based on the specific facts and circumstances. Where the group's voluntary actions change the relationship between the group and a SPE, the group performs a reassessment of control over the SPE.

ACCOUNTING POLICIES continued

for the year ended 30 September 2014

1. BASIS OF CONSOLIDATION continued

1.2 BUSINESS COMBINATIONS

Business combinations are accounted for in accordance with the acquisition method of accounting. Subsidiaries are consolidated from the date on which the group acquires effective control of the entity. Consolidation ceases from the date control no longer exists.

On acquisition the identifiable assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values. The cost of an acquisition is the fair value of the assets given, liabilities incurred or assumed and equity instruments issued. Any costs directly relating to the acquisition are expensed to profit and loss.

The consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with the relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognised. Where a business combination is achieved in stages, previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

> deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

> assets (or disposal groups) of the acquiree that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

The non-controlling interest in the acquiree is measured at acquisition date at either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets (applied on a transaction by transaction basis for all business combinations). The treatment is not an accounting policy choice but is selected for each business combination, and disclosed in the note for business combinations.

Premiums or discounts arising on the acquisition of subsidiaries are treated in terms of the group's accounting policy for goodwill.

2. INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

2.1 ASSOCIATES

Investments in operations, which are not subsidiaries, but over which the group has the ability to exercise significant influence, are classified as associates and initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of the results for the year of the associates is included in the consolidated statement of comprehensive income according to the equity method. In the absence of a legal or constructive obligation to make payments on behalf of an associate, losses are recognised only to the extent they reduce the carrying value to zero. Equity accounted results represents the group's proportionate share of the profits or losses of these entities.

Attributable income or losses and movements on reserves since acquisition, less dividends received, are included in the carrying value of these investments. The requirements of IAS 39: Financial Instruments: Recognition and Measurement are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment by comparing its recoverable amount with its carrying amount. Any impairment loss forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

ACCOUNTING POLICIES continued

for the year ended 30 September 2014

2. INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES continued

2.1 ASSOCIATES *continued*

Upon disposal of part of an associate that result in the group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are not eliminated if the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the group.

2.2 FINANCIAL STATEMENTS OF THE COMPANY

Investments in subsidiaries and associates are accounted for at cost less accumulated impairment.

3. GOODWILL

The group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

At the acquisition date, goodwill acquired is allocated to cash-generating units ('CGU's) that are expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amounts of assets in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. Any impairment loss for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, associate, jointly controlled entity or a CGU, the amount of goodwill attributable is included in the determination of the profit or loss on disposal.

4. PROPERTY AND EQUIPMENT

Property and equipment is stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are recognised to the extent that it is probable that the future economic benefits that are associated with them will flow to the entity, and the cost can be measured reliably. If a replacement part is recognised in the carrying amount of equipment, the carrying amount of the replaced part is derecognised. Repairs and maintenance are expensed as and when incurred.

Items of property and equipment are depreciated on a component basis to their residual values, on the straight line basis over their estimated economic lives. Depreciation commences from the date that they are available for use over the following periods:

Buildings	30 years
Automated teller machines' components	3 – 14 years
Vehicles	5 years
Office and computer equipment	2 – 6 years

The residual values and estimated useful lives of the assets are reviewed at each financial year end and, if expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if that asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

The profit or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

ACCOUNTING POLICIES continued

for the year ended 30 September 2014

5. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and when management is committed to the sale which is expected to qualify for recognition as a completed sale within one year from date of classification. Non-current assets and liabilities (including disposal groups) classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.

6. INTANGIBLE ASSETS

Intangible assets are initially recognised at cost if acquired separately or at fair value at the date of acquisition in a business combination. Subsequently, intangible assets are carried at cost less accumulated amortisation and impairment.

Development costs which relate to the design and testing of new improved products, systems or processes are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits.

Intangible assets are amortised to their residual values, on the straight line basis over the estimated economic lives over the following periods:

Computer and telephony software	2 – 3 years
Distribution channel	3 years

Useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being recognised on a prospective basis.

7. INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Costs include landed cost, freight and clearing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. The write down of inventory to net realisable value and the reversal thereof is recognised in profit and loss. The reversals of the write downs are limited to the cost of inventory.

8. FINANCIAL INSTRUMENTS

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

The group recognises financial assets and financial liabilities at the trade date when it becomes a party to the contractual provisions of the instrument.

8.1 INITIAL RECOGNITION

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments are grouped into classes that are appropriate taking into account the characteristics and risks of those financial instruments. Classes of financial instruments have been determined by referring to the nature and extent of risks arising from the financial instruments and how these are managed.

The group generally does not reclassify financial instruments between different categories subsequent to initial recognition.

8.2 CLASSIFICATION

Financial assets are classified into the following categories:

> Financial assets at fair value through profit or loss;
> Held-to-maturity investments;
> Loans and receivables; and
> Available-for-sale financial assets.

Financial liabilities are classified into the following categories:

> Financial liabilities at fair value through profit or loss; and
> Financial liabilities at amortised cost.

ACCOUNTING POLICIES continued

for the year ended 30 September 2014

8. FINANCIAL INSTRUMENTS continued

8.2 CLASSIFICATION *continued*

Financial instruments at fair value through profit or loss are held for trading or designated as at fair value through profit or loss.

A financial asset or a financial liability is classified as held for trading if:

> it has been acquired principally for the purpose of selling (assets) or repurchasing (liabilities) it in the short term; or

> is a part of an identified portfolio of financial assets or financial liabilities in which there is recent evidence of short-term profit-taking; or

> it is a derivative that is not designated and effective as a hedging instrument.

Financial assets and financial liabilities other than those held for trading may be designated as at fair value through profit or loss upon initial recognition to the extent it produces more relevant information because it either:

> forms part of a group of financial assets and/or financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally to management on that basis; or

> eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise as a result of measuring assets and liabilities and the gains and losses on them on a different basis; or

> it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

8.2.1 Financial assets

8.2.2 Financial assets at fair value through profit or loss

Financial assets that are held for trading purposes include derivative financial instruments.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are included in profit or loss in the period in which they arise.

8.2.3 Loans and receivables

These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets which have been classified as loans and receivables include cash that do not meet the definition of cash as defined in IAS 7 Statement of Cash Flows, trade and other receivables, loans and advances, purchased book debts and other loans receivable.

Loans and receivables are initially recognised at fair value. Subsequently loans and receivables are carried at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated by taking into account any transaction costs on acquisition and fees and costs that are an integral part of the effective interest rate.

The carrying amount of loans considered to be impaired on the statement of financial position is reduced through the use of an appropriate impairment methodology.

The majority of the group's advances are included in the loans and receivables category. Also included in the loans and receivables category are the purchased book debts.

Purchased book debts are portfolios of written-off consumer debts purchased at prices below the nominal receivable amounts.

Purchased book debts are reflected at amortised cost on a portfolio basis. Cost includes amounts payable to the vendor and other direct acquisition costs.

The effective interest rate is calculated at initial recognition of the purchased book by determining the rate that exactly discounts the estimated future cash flows to the fair value at inception. Changes in the estimated future cash flows are discounted by using the original effective interest rate and any difference between the carrying value of the purchased book debt and the recalculated value is recognised in profit or loss.

The effect of the basis of calculating the carrying value of purchased book debt is to recognise the present value of the estimated net collections at an amount not exceeding the initial cost of each portfolio.

ACCOUNTING POLICIES continued

for the year ended 30 September 2014

8. FINANCIAL INSTRUMENTS continued

8.2.4 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

8.2.5 Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as

> loans and receivables;
> held-to-maturity investments; or
> financial assets at fair value through profit or loss.

Listed redeemable notes held by the group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period.

8.2.6 Impairment

The group reviews the carrying amounts of financial assets, other than those at fair value through profit or loss, on an annual basis, to determine whether there is any indication that those financial instruments have become impaired using objective evidence. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event') and that loss event(s) has an adverse impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

> significant financial difficulty of the borrower;
> a breach of contract, such as a default or delinquency in the payment of interest or principal;
> the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
> it becomes probable that the borrower is over-indebted; or
> indication that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including;
  – adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or
  – national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers or adverse changes in industry conditions that affect the borrowers in the group).

The group considers evidence of impairment for financial assets at both a specific asset and portfolio level. All individually significant financial assets are assessed for specific impairment.

All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar credit risk characteristics (e.g. on the basis of the group's grading process that considers asset type, collateral type, past due status and other relevant factors). Trade and other receivables that are not originated through the lending business are assessed specifically for impairment and not on a collective basis.

In assessing collective impairment the group uses statistical modelling of 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 less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

ACCOUNTING POLICIES continued

for the year ended 30 September 2014

8. FINANCIAL INSTRUMENTS continued

8.2.6 Impairment *continued*

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against the financial assets.

Where the impairment loss subsequently reverses and the reversal can be related objectively to an event occurring after the impairment was recognised, the carrying amount of the financial asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the advance in prior years. A reversal of an impairment loss is immediately recognised in profit or loss.

Cash collected on financial assets, which have been written off is recognised in profit or loss as bad debts recovered as and when the cash is received.

8.3 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS ISSUED BY THE GROUP

8.3.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

8.3.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

The group's share incentive schemes are operated through trusts. These trusts are considered to be special purpose entities of the group and therefore consolidated.

8.3.3 Compound instruments

The component parts of compound instruments issued by the group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

8.3.4 Financial liabilities at fair value through profit or loss

Financial liabilities that are held for trading purposes include derivative financial instruments.

Realised and unrealised gains and losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are included in the profit or loss in the period in which they arise.

8.3.5 Financial liabilities at amortised cost

Financial liabilities which are subsequently recognised at amortised cost using the effective interest method comprise interest bearing liabilities, bank overdrafts and trade payables.

8.4 DERIVATIVE INSTRUMENTS

A derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date. The group uses derivative financial instruments to manage its exposure to foreign exchange and interest rate risk. The group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments comprise foreign exchange contracts and interest rate swaps.

Derivative financial instruments are initially recognised in the statement of financial position at fair value. Derivatives are subsequently re-measured at their fair value with all movements in fair value recognised in profit or loss, unless it is a designated and effective hedging instrument. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

ACCOUNTING POLICIES continued

for the year ended 30 September 2014

8. FINANCIAL INSTRUMENTS continued

The group treats derivatives embedded in other financial or non-financial instruments such as the conversion option in a convertible bond, as separate derivatives when:

> their risks and characteristics are not closely related to those of the host contract;

> they meet the definition of a derivative; and

> the host contract is not carried at fair value, with gains and losses reported in profit or loss.

8.5 FAIR VALUE

Certain of the group's financial instruments are carried at fair value through profit or loss such as derivative financial instruments. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The method of determining the fair value of financial instruments is analysed into the following categories:

Level 1 – Unadjusted quoted prices in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Valuation techniques using market observable inputs, including:

> using recent arm's length market transactions;

> reference to the current fair value of similar instruments; and

> discounted cash flow analysis, pricing models or other techniques commonly used by

> market participants.

Level 3 – Valuation techniques, as described for level 2 above, for which not all inputs are market observable prices or rates. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as 'day one profit and loss", is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

The valuation techniques in level 2 and level 3 use inputs such as interest rate yield curves, equity prices, commodity and currency prices/yields, volatilities, and the correlation between inputs. The models used in these valuation techniques are calibrated against industry standards, economic models and against observed transaction prices, where available.

8.6 HEDGE ACCOUNTING

The group designates certain derivatives in respect of foreign currency risk and interest rate risk, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Hedge accounting is used for derivatives designated in this way, provided specific criteria are met. The group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the cash flow hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Where the forecast transaction or a foreign currency firm commitment results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset.

Hedge accounting is discontinued when the group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

ACCOUNTING POLICIES continued

for the year ended 30 September 2014

8. FINANCIAL INSTRUMENTS continued

8.7 OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to set off the recognised amounts and there is an intention to realise the asset and settle the liability simultaneously.

8.8 DERECOGNITION

Financial assets (or a portion thereof) are derecognised when the group realises the rights to the benefits specified in the contract, the rights expire or the group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are included in profit or loss.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it are included in the statement of comprehensive income.

9. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are liabilities of uncertain timing or amount. They are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as provisions is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities and contingent assets are not recognised in the financial statements.

10. IMPAIRMENT OF ASSETS OTHER THAN FINANCIAL INSTRUMENTS

The group reviews the carrying amounts of tangible and intangible assets at each financial year-end to determine whether there is any indication of impairment. The recoverable amount of these assets is estimated in order to determine the extent of the any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the CGU to which the asset belongs. Goodwill is assessed at each financial year-end for impairment.

Recoverable amount is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are 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. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment losses are allocated to assets within a CGU (i.e. first to goodwill and then to the other assets on a pro rata basis) and recognised in the income statement.

Where an impairment loss (other than an impairment of goodwill) subsequently reverses, the carrying amount is increased to the revised estimate of its recoverable amount limited to an amount which does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

11. REVENUE RECOGNITION

11.1 GENERAL POLICY

Revenue is recognised to the extent that it is probable that economic benefits will flow to the group and the revenue can be reliably measured.

Revenue comprises invoiced sales in respect of the sale of goods, fees for rendering of services to customers, collection of owned book debts and finance charges on loans and suspensive sale credit agreements.

11.2 INTEREST INCOME

Interest income is recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate. The group defers any related operating costs which are directly attributable to individual transactions.

ACCOUNTING POLICIES continued

for the year ended 30 September 2014

11. REVENUE RECOGNITION continued

11.3 PURCHASED BOOK DEBTS

Revenue from purchased book debts comprises payments received from the debtors, including amounts in respect of interest and cost recoveries.

11.4 DEBT COLLECTION ACTIVITIES

Commissions and fees receivable for collection of debtors for third parties are recognised on receipt of payments from the debtors.

11.5 SALES OF GOODS

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

> The group has transferred to the buyer the significant risks and rewards of ownership of the goods;

> The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

> the amount of revenue can be measured reliably;

> it is probable that the economic benefits associated with the transaction will flow to the group; and

> the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

11.6 RENDERING OF SERVICES

Fees and commission income are recognised on a percentage of completion basis when costs can be reliably measured and receipt of the future economic benefits is probable.

11.7 ROYALTIES

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

11.8 NON-OPERATING INCOME

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably).

11.9 GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

12. INTEREST EXPENSE

Interest expense comprise interest on borrowings including debentures, dividends on redeemable preference shares, and other costs incurred in connection with the borrowing of funds.

Interest expense is recognised in the period in which it is incurred using the effective interest method except to the extent in which it meets the criteria for capitalisation against a qualifying asset in which case it is capitalised as part of the cost of the asset.

ACCOUNTING POLICIES continued

for the year ended 30 September 2014

13. TAXATION

13.1 CURRENT

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the financial year-end.

13.2 DEFERRED TAX

Deferred tax is calculated using the liability method.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

> the initial recognition of goodwill; or

> the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit or taxable profit nor tax loss.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

> The company is able to control the timing of the reversal of the temporary difference; and

> it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated using taxation rates that have been enacted or substantially enacted at financial year-end. The effect on deferred tax of any changes in taxation rates is charged to profit or loss, except to the extent that it relates to items previously charged or credited directly to equity in which case the deferred tax is charged to equity.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which the associated tax deductible temporary differences can be utilised.

Deferred tax related to fair value measurement of cash flow hedges, which are charged or credited directly to other comprehensive income, is also credited or charged directly to other comprehensive income and is subsequently recognised in profit or loss together with the deferred gain or loss.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

13.3 INDIRECT TAXATION

Indirect taxation in the form of non-claimable value-added tax (VAT) on expenses is disclosed as indirect taxation in profit or loss. The non-claimable VAT on the cost of acquisition of fixed assets is amortised over the useful lives of the fixed assets and is included in depreciation in the statement of comprehensive income. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

14. LEASE ACCOUNTING

Leases of assets where the group assumes substantially all the risks and rewards of ownership, are classified as finance leases.

All other leases are classified as operating leases.

14.1 FINANCE LEASES

14.1.1 Lessors

Assets subject to finance lease agreements are derecognised and the finance lease is recognised as a receivable at an amount equal to the net investment in the lease (gross investment less unearned finance income).

The gross investment in the lease comprises the aggregate of the following:

> The minimum lease payments receivable under the finance lease;

> Any unguaranteed residual value accruing under the lease; and

> The initial direct costs incurred in negotiating the lease.

The interest element of the finance income is credited to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease receivable for each period.

ACCOUNTING POLICIES continued

for the year ended 30 September 2014

14. LEASE ACCOUNTING

14.2 OPERATING LEASES

14.2.1 Lessees

Lease payments under operating leases are recognised in profit or loss on a straight line basis over the expected lease term.

15. EMPLOYEE BENEFITS

15.1 MEDICAL AID OBLIGATION

Medical aid costs are recognised as an expense in the period in which the employees render services to the group. Differences between contributions payable and contributions actually paid are shown as either prepayments or accruals in the statement of financial position. There are no post-retirement benefit obligations for former employees.

15.2 RETIREMENT FUNDS

The group's contributions to defined contribution plans are recognised as an expense in the period in which the related services are rendered. There are no defined benefit plans for employees.

15.3 EMPLOYEES' LEAVE ENTITLEMENT

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the annual leave liability at the financial year-end. Unutilised sick leave does not accrue to employees.

15.4 TERMINATION BENEFITS

The group recognises termination benefits as a liability in the statement of financial position and as an expense in profit or loss when it has a present obligation relating to termination. The group has a present obligation when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan, without possibility of withdrawal or providing termination benefits as a result of an offer to encourage voluntary redundancy.

15.5 BONUSES

Management and staff bonuses are recognised as an expense in staff costs as incurred when it is probable that the economic benefits will be paid and the amount can be reliably measured.

Share-based transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of the equity-settled share-based transactions are set out in note 26.

The fair value determined at the grant date of the equity settled share-based transactions is expensed on a straight line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based payments reserve.

16. OPERATING SEGMENTS

An operating segment is a component of the group:

> that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the group);

> whose operating results are regularly reviewed by the group's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance; and

> for which discrete financial information is available.

The group is managed in terms of three primary segments:

> Asset-backed lending;

> Risk services; and

> Corporate support.

ACCOUNTING POLICIES continued

for the year ended 30 September 2014

17. FOREIGN CURRENCIES

17.1 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are converted to South African Rand at the rates of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the financial year-end are translated to South African Rand at the rates ruling at that date. Gains or losses on translation are recognised in the statement of comprehensive income.

17.2 FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to South African Rand at foreign exchange rates ruling at the financial year-end. The revenues and expenses of foreign operations are translated to South African Rand at rates approximating the foreign exchange rates ruling at the date of the transactions.

Foreign exchange differences arising on translation are recognised directly in other comprehensive income.

Dividends paid

Dividends are recognised against equity in the period in which they are approved by the company's directors. Dividends declared after the reporting date are not recognised but disclosed as a post reporting date event.

18. DISPOSAL GROUPS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This classification is only met if the sale is highly probable and the assets or disposal groups are available for immediate sale.

Immediately before classification as held for sale, the measurement of assets and liabilities in relation to a disposal group is recognised based upon the appropriate IFRS standards. On initial recognition as held-for- sale, the non-current assets and liabilities are recognised at the lower of carrying amount and fair value less costs to sell.

Any impairment losses on initial classification to held for sale are recognised in profit or loss.

The non-current assets and disposal groups held for sale will be reclassified immediately when there is a change in intention to sell. Subsequent measurement of the asset or disposal group at that date, will be the lower of:

- its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale; and
- its recoverable amount at the date of the subsequent decision not to sell.

19. DISCONTINUED OPERATIONS

The group classifies a component as a discontinued operation when that component has been disposed of, or is classified as held for sale, and:

- it represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

A component of a group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes from the rest of the group.

ACCOUNTING POLICIES continued

for the year ended 30 September 2014

20. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements on carrying values of assets or liabilities that are not otherwise readily apparent. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

20.1 ASSET LIVES AND RESIDUAL VALUES

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at each financial year-end and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

20.2 DEFERRED TAX ASSETS

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

20.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Goodwill is considered for impairment annually.

Property and equipment and intangible assets are considered for impairment if there is any reason to believe that an impairment may be necessary. Factors taken into consideration include the economic viability of the asset itself and, where it is a component of a larger economic unit, the viability of the unit.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current asset value and, if lower, the assets are impaired to the present value.

20.4 IMPAIRMENT OF FINANCIAL ASSETS

The estimation of impairments of financial assets is inherently uncertain and depends on many factors, including general economic conditions, structural changes within industries, changes in individual customer circumstances and other external factors such as legal requirements, regulatory specifications and governmental policy changes. Financial assets are stated net of identified impairments and incurred but not yet identified impairments. Financial assets are considered impaired only if there is objective evidence of impairment as a result of events that occurred after initial asset recognition (known as loss events) and these loss events have an adverse impact on the assets' estimated future cash flows that can be reliably measured.

Objective evidence that loans and advances may be impaired includes the following observable data:

- A breach of contract, such as a default or delinquency in interest or principal payments. In this regard instalments past due date are considered in breach of contract;
- Historical loss experience of groups of financial assets with similar repayment terms; and
- Data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in The group including:
  - adverse changes in the payment status of borrowers in the group; or
  - national or local economic conditions that correlate with defaults on the assets in the group.

Loans and advances are subjected to regular evaluations of the overall client risk profile and payments record in determining whether a loss event has occurred.

The historical loss experience is adjusted on the basis of observable data to remove the effects of the conditions in the historical period that do not currently exist.

The group assesses whether objective evidence of impairment exists for groups of financial assets with similar repayment terms. If there is objective evidence that an impairment loss on financial assets has been incurred, the amount of the loss is measured as the difference between the carrying amounts of the assets and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) discounted at the effective interest rates.

NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

for the year ended 30 September 2014

The group adopted the following accounting standards and interpretations that became applicable during the current reporting period.

IFRS/IFRIC and title	Details of change
IFRS 7 – *Financial instruments: Disclosures*	Requires information about all recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

This change has not had a material impact on the group's consolidated financial statements.

New standards issued but not yet effective

IFRS 9 – *Financial instruments*

This is a finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement.* The standard contains requirements in the following areas:

> Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments.

> Impairment: The standard introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

> Hedge accounting: The standard Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

> Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The standard is effective for the financial year ending 30 September 2019. The group is currently assessing the full impact of the amendment on the consolidated financial statements.

IFRS 15 – *Revenue from contracts with customers*

The standard provides a single, principles based model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable considerations, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The amendment is effective for the financial year ending 30 September 2018. The amendment is not expected to have a material impact on the group's consolidated financial statements.

IAS 32 – *Financial instruments: Presentation*

This amendment is to clarify certain aspects due to diversity in application of the requirements on offsetting.

The amendment is effective for the financial year ending 30 September 2015. The amendment is not expected to have a material impact on the group's consolidated financial statements.

IAS 36 – *Impairment of assets*

The amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units are required to be disclosed, clarifies the disclosures required, and introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

The amendment is effective for the financial year ending 30 September 2015. The amendment is not expected to have a material impact on the group's consolidated financial statements.

IAS 39 – *Financial instruments: Recognition and Measurement*

This amendment is to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

The amendment is effective for the financial year ending 30 September 2015. The amendment is not expected to have a material impact on the group's consolidated financial statements.

NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

continued

for the year ended 30 September 2014

IAS 19 – *Employee benefits*

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

The amendment is effective for the financial year ending 30 September 2015. The amendment is not expected to have a material impact on the group's consolidated financial statements.

IFRS 11 – *Joint arrangements*

This will require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 *Business Combinations*) to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 and to disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendment is effective for the financial year ending 30 September 2017. The amendment is not expected to have a material impact on the group's consolidated financial statements.

IAS 16 – *Property, plant and equipment* and IAS 38 – *Intangible assets*

This amendment clarifies the acceptable methods of depreciation and amortisation.

The amendment is effective for the financial year ending 30 September 2017. The amendment is not expected to have a material impact on the group's consolidated financial statements.

IAS 27 – *Separate financial statements*

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

The amendment is effective for the financial year ending 30 September 2017. The amendment is not expected to have a material impact on the group's consolidated financial statements.

IFRS 10 – *Consolidated financial statements* and IAS 28 – *Investments in associates*

This amendment is to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

The amendment is effective for the financial year ending 30 September 2017. The amendment is not expected to have a material impact on the group's consolidated financial statements.

IFRIC 21 – *Levies*

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

The amendment is effective for the financial year ending 30 September 2015. The amendment is not expected to have a material impact on the group's consolidated financial statements.

Annual improvements 2010 – 2012

- IFRS 2 — Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'
- IFRS 3 — Requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- IFRS 8 — Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments and to clarify that reconciliations of segment assets are only required if segment assets are reported regularly
- IFRS 13 — Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- IAS 16 and IAS 38 — Clarifies that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- IAS 24 — Clarifies how payments to entities providing management services are to be disclosed

The amendment is effective for the financial year ending 30 September 2015. The amendment is not expected to have a material impact on the group's consolidated financial statements.

NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

continued

for the year ended 30 September 2014

Annual improvements 2011 – 2013

> IFRS 1 — Clarifies which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)

> IFRS 3 — Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself

> IFRS 13 — Clarifies the scope of the portfolio exception in paragraph 52

> IAS 40 — Clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

The amendment is effective for the financial year ending 30 September 2015. The amendment is not expected to have a material impact on the group's consolidated financial statements.

Annual improvements 2012 – 2014

> IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued

> IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements

> IAS 9 — Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid

> IAS 34 — Clarifies the meaning of 'elsewhere in the interim report' and require a cross-reference

The amendment is effective for the financial year ending 30 September 2017. The amendment is not expected to have a material impact on the group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September

	2014 Rm	2013 Rm
1. CASH AND CASH EQUIVALENTS		
Bank balances	1 100	216
Call deposits	89	39
Securitisation special purpose vehicles*	155	417
Customer clearance accounts	1	1
Total cash and cash equivalents	1 345	673
Bank overdrafts	(101)	(71)
Net cash and cash equivalents	1 244	602
Total overdraft facilities	260	333

* *Ceded as part security for securitisation debentures and loans as shown in note 16.*

	2014 Rm	2013 Rm
2. TRADE AND OTHER RECEIVABLES		
Prepayments	35	113
Trade receivables	148	144
Derivative assets (refer to note 2.1)	54	60
Other	261	207
Impairment provision	(5)	(19)
Total trade and other receivables*	493	505
The carrying value of trade and other receivables approximates fair value.		
* *Ceded as security for bank facilities as shown in note 1.*	36	27
Allowance for impairment		
Balance at the beginning of the year	(19)	(12)
Impairments recognised in profit or loss	(1)	(8)
Utilisation of impairments	4	–
Disposal of subsidiary companies	11	–
Reclassified to non-current assets held for sale	–	1
Total allowance for impairment	(5)	(19)

Trade and other receivables are tested for impairment by reference to the currency of the receivable as denominated in trade terms, payment history, subsequent receipts and arrangements with the debtors.

	2014 Rm	2013 Rm
Trade and other receivables past due but not impaired		
Amounts 30 days overdue	6	11
Amounts 30 to 60 days overdue	5	9
Amounts 60 to 90 days overdue	11	3
Amounts 90 to 120 days overdue	1	1
Amounts in excess of 120 days overdue	2	4
Total trade and other receivables past due but not impaired	25	28
Maximum exposure to credit losses of trade receivables	143	125
Carrying value of trade receivables less provision	143	125
Assets held as collateral	(21)	(23)
Residual exposure	122	102

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

	2014 Rm	2013 Rm
2. TRADE AND OTHER RECEIVABLES continued		
2.1 DERIVATIVE ASSETS		
Derivatives held for risk management		
Cross-currency swaps	**54**	60
	54	60

Cash flow hedges of foreign currency risk

The group uses cross-currency swaps to hedge the foreign currency risks arising from interest-bearing liabilities denominated in foreign currencies. These interest-bearing liabilities have a carrying value of R186 million and are denominated in Euro.

The Euro balance outstanding is 13.2 million and is 100% hedged.

Refer to note 32.9 for disclosure on movements in the cash flow hedging reserve.

3. INVENTORIES

	2014 Rm	2013 Rm
Net properties in possession	**2**	2
Properties	**3**	3
Impairment provision for properties	**(1)**	(1)
Net prepaid vouchers	**–**	63
Pre-paid vouchers	**–**	64
Impairment provision for pre-paid vouchers	**–**	(1)
Net direct sales	**2**	–
Direct sales	**2**	–
Impairment provision for direct sales	**–**	–
Net merchandise for sale	**–**	20
Merchandise for sale	**–**	20
Impairment provision for merchandise for sale	**–**	–
Total inventories	**4**	85
Inventories carried at net realisable value included above	**4**	2
Write-down of inventories during the year*	**–**	3

** The write-down of inventories were processed directly against the impairment provision.*

Properties are assessed for impairment by reference to independent valuations. These valuations take into account the location of the property, comparable sales values achieved within the geographical area and general market conditions.

Direct sales vehicles are assessed for impairment by considering the age, condition, model and net realisable value of the vehicles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

	2014 Rm	2013 Rm
4. LOANS AND ADVANCES		
Gross loans and advances	6 737	11 697
Impairment provision	(383)	(1 630)
Carrying value of written off book	32	165
Loans and advances*	6 386	10 232
* *Ceded as part security for amortising securitising debentures and loans as shown in note 16.*		
Gross loans and advances by asset type		
Finance leases*	6 240	5 529
Mortgage loans	47	55
Discounted invoices	450	339
Unsecured loans	–	5 774
Gross loans and advances	6 737	11 697
* *Included in this balance is repossessed stock valued at R477 million (2013: R548 million)*		
Finance leases		
Gross finance leases including unearned finance charges	9 455	7 886
Unearned finance charges	(3 215)	(2 357)
Gross finance leases	6 240	5 529
Carrying value of written off book	32	30
Impairment provision	(364)	(315)
Net finance leases	5 908	5 244
Maturity analysis of gross finance leases		
Amounts up to one year	1 880	1 920
Amounts between one and five years	4 009	3 442
Amounts in excess of five years	351	167
Total gross finance leases	6 240	5 529
Average term of leases on book	44	45
Average actual term of leases at origination	66	65
Impairment provision		
Balance at the beginning of the year	(1 630)	(1 021)
Impairments recognised	(326)	(1 076)
Impairments recognised in the income statement	(326)	(286)
Impairments relating to discontinued operations	–	(790)
Disposal of subsidiary companies	1 301	–
Utilisation of impairment provision	272	467
Total impairment provision	(383)	(1 630)
Related credit risk exposure and enhancements		
Maximum exposure to credit losses of loans and advances	6 386	10 232
Credit risk exposure mitigated through unguaranteed residual asset values held as collateral		
Vehicles	6 279	6 203
Properties	296	90
Discounted invoices	628	601
Fair value of collateral held for impaired financial assets	1 659	2 087
Fair value of collateral held for financial assets past due but not specifically impaired	1 453	1 296
Collateral attached comprises vehicles, properties and debtors.		
Loans and advances past due but not specifically impaired		
Amounts up to 90 days overdue	765	1 193
Amounts in excess of 90 days overdue	512	1 179
Total loans and advances past due but not specifically impaired	1 277	2 372

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

	2014 Rm	2013 Rm
5. PURCHASED BOOK DEBTS		
Cost	913	699
Accumulated amortisation	(361)	(279)
Total purchased book debts	552	420
Reconciliation of movements in the year		
Balance at the beginning of the year	420	347
Additions	214	119
Amortisation	(82)	(46)
Balance at the end of the year	552	420
Fair value of purchased book debts	568	437
6. OTHER LOANS RECEIVABLE		
Gross loans receivable	293	280
Impairment provision	–	–
Net other loans receivable	293	280
Gross loans receivable by asset type		
Loans to executives under the group share schemes*	6	143
Short-term loans to employees	10	12
Other loans receivable	277	125
Gross other loans receivable	293	280
Reconciliation of movements in the year		
Balance at the beginning of the year	280	228
Loans advanced	–	126
Interest	9	10
Repaid	(182)	(84)
Reclassification from group loans to other loans receivable	186	–
Total other loans receivable	293	280
Maturity analysis		
Within one year	18	93
Greater than one year	275	187
	293	280

The carrying value of other loans receivable approximates fair value.

* *Interest-bearing loans to group executives are at rates ranging from 4.25% to 6.75% granted with a maximum term not exceeding 6 years. These loans are secured by a cession over 1 272 184 shares, valued at R6 million at 30 September 2014.*

	2014 Rm	2013 Rm
7. OTHER INVESTMENTS		
Total other investments		
At cost	160	50
Fair value adjustment	78	431
Fair value	238	481
Hollard Business Associates (Proprietary) Limited – 50 AB ordinary shares		
At cost	<1	<1
Fair value adjustment	–	306
Disposal of subsidiary companies	(306)	–
Fair value	–	306
Guardrisk Insurance Company Limited – 10 ordinary shares		
At cost	160	50
Fair value adjustment	78	125
Fair value	238	175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

8. EQUITY ACCOUNTED INVESTMENTS

ANALYSIS OF CARRYING VALUE

	2014 Rm	2013 Rm
Unlisted investments		
The group holds a 50% interest in Qarar Consultancy FZ-LLC. The joint venture is incorporated in the United Arab Emirates, Dubai and carries out the principal activity of providing credit consulting services.		
Shares at cost less impairment	<1	<1
Retained equity accounted earnings	7	4
Total	7	4
Summarised financial information of equity accounted investment		
Total assets	36	19
Total liabilities	(21)	(12)
Net assets	15	7
Group's share of net assets	7	4
Net interest income	–	–
Non-interest revenue	31	9
Profit for the year	7	7
Equity accounted earnings	3	4

9. INTANGIBLE ASSETS

COST

	Computer and telephony software Rm	Distribution channel Rm	Total Rm
At 30 September 2012	106	24	130
Additions	15	–	15
Reclassifications to non-current assets held for sale	(36)	–	(36)
Reclassifications from property and equipment	1	–	1
At 30 September 2013	86	24	110
Additions	15	–	15
Disposal of subsidiary companies	(43)	(24)	(67)
At 30 September 2014	58	–	58
Accumulated amortisation and impairment			
At 30 September 2012	(71)	(23)	(94)
Reclassifications to non-current assets held for sale	21	–	21
Amortisation expense	(3)	–	(3)
Amortisation expense – discontinued operations	(16)	(3)	(19)
Assets held for sale amortisation reversal	2	–	2
Other movements	–	4	4
At 30 September 2013	(67)	(22)	(89)
Amortisation expense	(5)	–	(5)
Disposal of subsidiary companies	32	22	54
At 30 September 2014	(39)	–	(39)
Cost	58	–	58
Accumulated amortisation	(39)	–	(39)
Net carrying value at 30 September 2014	19	–	19
Cost	86	24	110
Accumulated amortisation	(67)	(22)	(89)
Net carrying value at 30 September 2013	19	2	21

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

	Automated teller machines Rm	Vehicles Rm	Office and computer equipment Rm	Total Rm
10. PROPERTY AND EQUIPMENT				
COST				
At 30 September 2012	366	25	220	611
Additions	94	9	66	169
Reclassifications to non-current assets held for sale	(389)	(11)	(47)	(447)
Disposals	(71)	(4)	(8)	(83)
Reclassifications and transfers to intangible assets	–	–	(1)	(1)
At 30 September 2013	**–**	**19**	**230**	**249**
Additions	**–**	**2**	**19**	**21**
Disposals	**–**	**–**	**(5)**	**(5)**
Disposal of subsidiary companies	**–**	**(2)**	**(109)**	**(111)**
At 30 September 2014	**–**	**19**	**136**	**155**
Accumulated depreciation and impairment				
At 30 September 2012	(153)	(12)	(138)	(303)
Depreciation expense	–	(2)	(12)	(14)
Depreciation expense relating to discontinued operations	(52)	(3)	(28)	(83)
Assets held for sale depreciation reversal	14	1	2	17
Reclassifications to non-current assets held for sale	158	5	25	188
Disposals	33	3	6	42
At 30 September 2013	**–**	**(8)**	**(145)**	**(153)**
Depreciation expense	**–**	**(2)**	**(15)**	**(17)**
Disposal of subsidiary companies	**–**	**1**	**63**	**64**
Disposals	**–**	**–**	**2**	**2**
At 30 September 2014	**–**	**(9)**	**(95)**	**(104)**
Cost	**–**	**19**	**136**	**155**
Accumulated depreciation and impairment	**–**	**(9)**	**(95)**	**(104)**
Net carrying value at 30 September 2014	**–**	**10**	**41**	**51**
Cost	–	19	230	249
Accumulated depreciation and impairment	–	(8)	(145)	(153)
Net carrying value at 30 September 2013	–	11	85	96

	2014 Rm	2013 Rm
11. GOODWILL		
Carrying value at the beginning of the year	**594**	927
Reclassified to assets held for sale	**–**	(332)
Disposal of subsidiary companies	**(402)**	
Impairment loss	**–**	(1)
Carrying value at the end of the year	**192**	594
Composition of goodwill per cash-generating unit		
SA Taxi Holdings	**63**	63
Rand Trust Financiers	**32**	32
Bayport Financial Services 2010	**–**	402
MBD Credit Solutions	**74**	74
Principa Decisions	**23**	23
Total goodwill	**192**	594

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

11. GOODWILL continued

Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired.

When testing goodwill for impairment, the recoverable amounts of cash generating units (CGUs) are determined as the lower of value in use and fair value less costs to sell. The CGU's prepare five year forecasts using growth rates based on the specific market segments in which they operate and their expected performance in these markets. The key assumptions for value in use calculations are discount rates, growth rates and expected margins over the determined period. Discount rates reflect management's assessment of risks specific to the CGU as well as current market trends of the time value of money. Growth rates and expected margins are based on industry indicators as well as current and expected business trends.

The group prepares cash flow forecasts based on CGU results for the next five years. A terminal value is calculated based on a growth rate of 3% (2013: 3%). This rate does not exceed the average long term growth rate for the relevant markets. The value in use of the CGU's which are lending businesses is determined based as free cash flows to cost of equity and the value in use of CGU's which operate service businesses is determined based on free cash flow to weighted average cost of capital. The valuation method applied is consistent with that of the prior period.

12. DEFERRED TAX

	2014 Rm	2013 Rm
Deferred tax is presented on the statement of financial position as follows:		
Deferred tax assets*	93	107
Deferred tax liabilities	(186)	(194)
Net deferred tax liabilities	(93)	(87)
The movements during the year are analysed as follows:		
Net deferred tax liabilities at the beginning of the year	(87)	(26)
Recognised in the income statement for the year – continuing operations	(33)	(39)
Recognised in the income statement for the year – discontinued operations	–	(15)
Charge to equity	–	(3)
Transfer from tax receivable to deferred tax	17	–
Prior year adjustment	–	6
Disposal of subsidiary companies	10	–
Reclassification to assets held for sale	–	(10)
Net deferred tax liabilities at the end of the year	(93)	(87)

* *The deferred tax asset balance is considered to be fully recoverable.*

	Opening balance Rm	Charged to income Rm	Charged to equity Rm	Disposal of subsidiary Rm	Transferred from tax receivable to deferred tax Rm	Closing balance Rm
2014						
Temporary difference						
Assessed loss unutilised	127	27	–	(15)	8	147
Debtor provisions	22	(1)	–	(21)	1	1
Prepayments	(4)	(4)	–	–	–	(8)
Creditor Provisions	9	3	–	–	–	12
Property, plant and equipment	(1)	0	–	–	–	(1)
Deferred income	11	0	–	2	–	13
Operating lease adjustment	2	0	–	(1)	–	1
Timing difference of expenditure	11	(1)	–	(3)	8	7
Purchased book debts	(117)	(31)	–	–	–	(148)
Loans and advances	(82)	0	–	–	–	(82)
Other	(65)	(26)	–	48	–	(43)
	(87)	(33)	–	10	17	(93)

* *The table above includes the deferred tax movements relating to discontinued operations.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

12. DEFERRED TAX continued

	Opening balance Rm	Charged to income Rm	Charged to equity Rm	Reclassified to held for sale Rm	Prior year adjustments Rm	Closing balance Rm
2013						
Temporary difference						
Assessed loss unutilised	87	53	(2)	(7)	(4)	127
Debtor provisions	12	7	0	0	3	22
Prepayments	(1)	(4)	0	1	0	(4)
Creditor Provisions	6	1	0	(4)	6	9
Property, plant and equipment	(2)	1	0	1	(1)	(1)
Deferred income	14	(3)	0	0	0	11
Operating lease adjustment	1	1	0	0	0	2
Timing difference of expenditure	20	(8)	0	(1)	0	11
Purchased book debts	(97)	(20)	0	0	0	(117)
Loans and advances	(48)	(36)	0	0	2	(82)
Other	(18)	(46)	(1)	0	0	(65)
	(26)	(54)	(3)	(10)	6	(87)

13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 6 August 2013 Transaction Capital entered into an agreement to dispose of 100% of Paycorp to Main Street 1127 Proprietary Limited, a company owned by funds of emerging market private equity firm Actis, with minority ownership by the Paycorp management team. All conditions precedent were fulfilled on 31 October 2013 with the effective date of the transaction being 1 November 2013, when the net sale proceeds of R937 million were received by Transaction Capital. The fair value less costs to sell of the business is higher than the aggregate carrying amount of the related assets and liabilities. Therefore, no impairment loss was recognised on reclassification of the assets and liabilities as held for sale nor as at 30 September 2013. The sale was concluded during the current financial year resulting in a nil balance under non-current assets held for sale. Refer to note 24 for details of the disposal.

	2014 Rm	2013 Rm
Cash and cash equivalents		99
Trade and other receivables	–	24
Inventories	–	29
Intangible assets	–	15
Property and equipment	–	259
Goodwill	–	332
Deferred tax assets	–	11
Assets of payment services business classified as held for sale	–	769
Bank overdrafts	–	29
Tax payables	–	2
Trade and other payables	–	149
Deferred tax liabilities	–	<1
Liabilities of payments services business associated with assets classified as held for sale	–	180
Net assets of payment services business classified as held for sale	–	589

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

	2014 Rm	2013 Rm
14. TRADE AND OTHER PAYABLES		
Trade payables and accruals	**65**	198
Revenue received in advance	**52**	50
Bonus accrual	**79**	74
Deferred lease liability	**3**	4
Other	**43**	35
Trade and other payables	**242**	361
The carrying value of trade and other payables approximates fair value.		
15. PROVISIONS		
Provision for long-term incentives	**2**	2
Leave pay provision	**16**	25
Total liabilities	**18**	27
The long-term incentive provision is paid out every three years, however the quantum is uncertain.		
The leave pay provision is paid out on termination of employment and therefore the timing is uncertain.		
16. INTEREST-BEARING LIABILITIES		
Securitisation notes, debentures and loans	**2 555**	6 526
Loans	**3 623**	3 075
	6 178	9 601
Classes of interest-bearing liabilities		
Senior debt	**4 911**	7 470
Subordinated debt	**1 267**	2 131
Total interest-bearing liabilities	**6 178**	9 601
Payable within 12 months	**1 368**	2 216
Payable thereafter	**4 810**	7 385
Total interest-bearing liabilities	**6 178**	9 601

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

16. INTEREST-BEARING LIABILITIES continued

Type of loan	Description	Date issued	Interest rate	Maturity date	Currency	Carrying value	Other comments
2014							
Securitisation notes, debentures and loans							
Senior	Amortising	01/12/09 to 28/02/11	3 Month JIBAR plus 3.250% to 3.900%	31/12/14 to 01/02/16	ZAR	150	Secured by a cession of loans and advances
Senior	Amortising	09/01/12 to 29/02/12	10.240% to 10.270%	09/01/17 to 01/03/17	ZAR	27	Secured by a cession of loans and advances
Senior	Bullet	07/03/12 to 17/08/12	10.954% to 12.087%	07/03/17 to 17/08/17	ZAR	248	Secured by a cession of loans and advances
Senior	Amortising	21/05/10 to 31/07/14	3 Month JIBAR plus 3.150% to 6.070%	09/01/15 to 30/09/19	ZAR	2 021	Secured by a cession of loans and advances
Senior	Bullet	03/09/13 to 01/08/14	3 Month JIBAR plus 3.250% to 3.800%	04/09/17 to 01/07/19	ZAR	109	Secured by a cession of loans and advances
						2 555	
Loans							
Senior	Amortising	05/06/14	3 Month JIBAR plus 1.950% to 3.400%	14/06/19	ZAR	174	
Mezzanine	Amortising	01/03/11 to 19/04/11	22.400%	01/06/18	ZAR	78	
Senior	Amortising	05/06/14	3 Month JIBAR plus 1.250% to 1.700%	14/06/17 to 14/06/19	ZAR	397	
Senior	Amortising	10/06/11 to 26/09/11	11.030% to 12.480%	15/06/17	EUR	117	
Senior	Amortising	28/09/12 to 28/03/14	9.110% to 11.060%	14/02/17 to 12/04/18	ZAR	131	Cash and cash equivalents, shareholder's loans, purchased book debts and trade receivables are ceded as securities for the loans
Senior	Bullet	29/05/13 to 30/05/14	9.210% to 10.670%	29/05/15 to 30/05/16	ZAR	110	
Senior	Amortising	22/11/11 to 22/12/11	3 Month JIBAR plus 4.810% to 5.190%	15/06/17	EUR	70	
Senior	Amortising	10/06/11 to 28/03/14	3 Month JIBAR plus 1.000% to 4.750%	15/06/17 to 27/09/19	ZAR	756	
Senior	Bullet	01/09/14	3 Month JIBAR plus 3.650%	02/09/19	ZAR	49	
Senior	Bullet	21/02/14 to 29/09/14	Prime and Prime less 0.320%	31/10/14 to 29/05/15	ZAR	553	
Structurally subordinated	Bullet	01/07/11 to 05/07/13	11.620% to 13.130%	01/07/16 to 05/07/18	ZAR	201	
Structurally subordinated	Amortising	31/10/12	3 Month JIBAR plus 6.750%	31/10/17	ZAR	109	
Structurally subordinated	Bullet	29/05/08 to 14/08/13	3 Month JIBAR plus 3.000% to 5.500%	29/05/15 to 14/08/18	ZAR	723	
Subordinated	Amortising	05/06/14	3 Month JIBAR plus 6.500%	14/06/19	ZAR	55	
Subordinated	Bullet	29/09/08 to 31/10/08	3 Month JIBAR plus 6.750%	29/09/16	ZAR	100	
						3 623	
						6 178	

RESTRICTIVE FUNDING ARRANGEMENTS

During the current and prior year the group was party to the following restrictive funding arrangement as defined in the JSE Listings Requirements:

Lender	Borrower	Rm	Restrictive conditions
Futuregrowth Lenders represented by Futuregrowth Asset Management Proprietary Limited	SA Taxi Finance Holdings Proprietary Limited	109	> No operating subsidiary of the borrower is entitled to raise additional term funding (excluding existing working capital facilities) without the prior written consent of the lenders; > The borrower will not incur any additional third party subordinated funding or equity participation without the prior written approval of the lenders; and > Early settlement of the loan is not permissible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

16. INTEREST-BEARING LIABILITIES continued

Type of loan	Description	Date issued	Interest rate	Maturity date	Currency	Carrying value	Other comments
2013							
Securitisation notes, debentures and loans							
Senior	Amortising	2011/06/06	11.36% to 12.55%	30/09/15 to 31/03/16	ZAR	258	Secured by a cession of loans and advances
Senior	Bullet	2011/06/06	12%	2018/01/02	ZAR	50	Secured by a cession of loans and advances
Senior	Amortising	06/06/11 to 12/10/11	10.38% to 12.07%	30/09/15 to 30/09/16	ZAR	132	Secured by a cession of loans and advances
Senior	Bullet	02/07/12 to 27/09/12	10.23% to 11.09%	30/06/17 to 02/10/17	ZAR	280	Secured by a cession of loans and advances
Senior	Amortising	02/07/12 to 28/02/13	9.28% to 10.51%	31/12/15 to 03/04/18	ZAR	430	Secured by a cession of loans and advances
Senior	Amortising	06/06/11 to 09/10/12	3 Month JIBAR plus 3.50% to 5.00%	30/09/14 to 30/06/17	ZAR	954	Secured by a cession of loans and advances
Senior	Bullet	14/12/12 to 02/04/13	3 Month JIBAR plus 3.88% to 4.30%	31/03/16 to 31/12/18	ZAR	325	Secured by a cession of loans and advances
Senior	Amortising	2013/04/02	3 Month JIBAR plus 3.88%	2018/04/03	ZAR	46	Secured by a cession of loans and advances
Senior	Bullet	02/04/13 to 30/09/13	3 Month JIBAR plus 0.80% to 4.25%	31/03/14 to 01/10/18	ZAR	720	Secured by a cession of loans and advances
Senior	Amortising	2013/09/30	3 Month JIBAR plus 3.90%	2018/10/01	ZAR	50	Secured by a cession of loans and advances
Senior	Bullet	2013/09/30	3 Month JIBAR plus 4.25%	2018/10/01	ZAR	126	Secured by a cession of loans and advances
Mezzanine	Amortising	2011/06/06	16%	2016/03/31	ZAR	16	Secured by a cession of loans and advances
Mezzanine	Bullet	2011/11/30	15%	2017/01/03	ZAR	55	Secured by a cession of loans and advances
Mezzanine	Amortising	2012/04/02	14%	2017/03/31	ZAR	69	Secured by a cession of loans and advances
Mezzanine	Bullet	15/08/12 to 25/03/13	3 Month JIBAR plus 7.50% to 8.00%	01/07/19 to 30/09/20	ZAR	150	Secured by a cession of loans and advances
Junior Mezzanine	Bullet	2011/06/06	Profit share	2017/01/03	ZAR	87	Interest based on profit participation
Senior	Bullet	2013/09/03	3 Month JIBAR plus 3.80%	2017/09/04	ZAR	83	Secured by a cession of loans and advances
Junior	Bullet	2010/04/21	Profit share	2019/07/30	ZAR	65	Interest based on profit participation
Senior	Amortising	09/01/12 to 29/02/12	10.24% to 10.27%	09/01/17 to 01/03/17	ZAR	36	Secured by a cession of loans and advances
Senior	Amortising	21/05/10 to 29/02/12	3 Month JIBAR plus 3.15% to 6.07%	09/01/15 to 01/03/17	ZAR	369	Secured by a cession of loans and advances
Senior	Bullet	2012/03/07	12%	2017/03/07	ZAR	60	Secured by a cession of loans and advances
Senior	Amortising	07/03/12 to 31/10/12	3 Month JIBAR plus 3.50% to 4.00%	07/03/17 to 02/10/17	ZAR	425	Secured by a cession of loans and advances
Senior	Bullet	2012/08/17	11%	2017/08/17	ZAR	190	Secured by a cession of loans and advances
Senior	Amortising	01/10/12 to 09/05/13	3 Month JIBAR plus 3.50% to 4.00%	29/09/17 to 02/07/18	ZAR	932	Secured by a cession of loans and advances
Senior	Amortising	01/10/07 to 31/03/09	9.32% to 12.60%	01/10/13 to 30/06/14	ZAR	146	Secured by a cession of loans and advances
Senior	Amortising	30/06/08 to 28/02/11	3 Month JIBAR plus 1.00% to 3.90%	30/06/14 to 01/02/16	ZAR	400	Secured by a cession of loans and advances
Mezzanine	Amortising	31/10/07 to 01/04/10	11.07% to 16.13%	31/10/13 to 31/03/15	ZAR	20	Secured by a cession of loans and advances
Mezzanine	Amortising	28/01/10 to 01/04/10	3 Month JIBAR plus 8.00% to 8.30%	31/03/15 to 29/01/18	ZAR	52	Secured by a cession of loans and advances
						6 526	
Loans							
Structurally subordinated	Amortising	2013/07/01	Prime plus 4.00%	2016/08/01	ZAR	131	
Structurally subordinated	Bullet	31/10/08 to 15/08/12	3 Month JIBAR plus 6.50% to 8.00%	02/11/15 to 15/08/19	ZAR	250	
Senior	Amortising	26/03/12 to 31/12/12	3 Month JIBAR plus 3.75%	14/02/18 to 14/02/18	ZAR	14	Cash and cash equivalents, shareholder's loans, purchased book debts and trade receivables are ceded as securities for the loans
Senior	Amortising	28/09/12 to 22/04/13	9.11% to 9.54%	14/02/17 to 12/04/18	ZAR	137	Cash and cash equivalents, shareholder's loans, purchased book debts and trade receivables are ceded as securities for the loans
Senior	Bullet	03/05/13 to 30/09/13	Prime and prime plus 0.32%	31/10/13 to 29/05/15	ZAR	359	
Senior	Bullet	31/05/12 to 29/05/13	9.21% to 10.82%	30/05/14 to 29/05/15	ZAR	109	
Senior	Bullet	06/03/12 to 31/07/12	Variable	31/08/15 to 31/08/15	ZAR	3	Interest rate determined by company WACC
Mezzanine	Amortising	01/03/11 to 19/04/11	22%	01/06/18 to 01/06/18	ZAR	82	
Senior	Amortising	10/06/11 to 26/09/11	11.03% to 12.48%	15/06/17 to 15/06/17	EUR	166	
Senior	Amortising	10/06/11 to 12/06/13	3 Month JIBAR plus 4.75% to 6.75%	15/06/17 to 27/09/19	ZAR	801	
Subordinated	Bullet	29/09/08 to 31/10/08	3 Month JIBAR plus 6.75% to 6.75%	29/09/16 to 29/09/16	ZAR	100	
Structurally subordinated	Bullet	01/07/11 to 05/07/13	11.62% to 13.13%	01/07/16 to 05/07/18	ZAR	200	
Structurally subordinated	Bullet	29/05/08 to 14/08/13	3 Month JIBAR plus 3.00% to 5.50%	29/05/15 to 14/08/18	ZAR	723	
						3 075	
						9 601	

The group is not in breach or default of any provisions of the terms or conditions of the agreement governing borrowings that will change the timing or amount of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

	Notes	2014 Rm	2013 Rm
17. ORDINARY SHARE CAPITAL			
Authorised			
1 000 000 000 ordinary shares			
Issued			
569 629 247 (2013: 582 581 177) ordinary shares			
Ordinary share capital		483	1 779
Ordinary share capital		483	1 779
Preference share capital			
Authorised			
10 000 000 cumulative, non-participating, non-convertible preference shares of no par value			
Issued			
Nil (2013: nil) preference shares			
Refer to the Directors' report (page 3) for the details of the movements in ordinary share capital			
18. NON-CONTROLLING INTERESTS			
Share of equity of subsidiaries		–	179
Loans payable		–	1
Non-controlling interests	24	–	180
19. INTEREST			
Interest and other similar income is earned from:			
Cash and cash equivalents		99	39
Loans and advances		1 278	1 173
Finance leases		1 177	1 088
Mortgage loans		4	5
Discounted invoices		97	80
Other loans receivable		36	9
Other		–	4
Total interest and other similar income		1 413	1 225
Interest and other similar expenses are paid on:			
Bank overdrafts		(8)	(10)
Interest-bearing liabilities		(591)	(528)
Other		–	(1)
Total interest and other similar expense		(599)	(539)
Interest and other similar income		1 413	1 225
Interest and other similar expense		(599)	(539)
Net interest income		814	686

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

	2014 Rm	2013 Rm
20. IMPAIRMENT OF LOANS AND ADVANCES		
Impairment comprises:		
Impairments of loans and advances	(52)	(78)
Bad debts written off	(274)	(208)
Bad debts recovered	4	3
Total impairment	(322)	(283)
21. NON-INTEREST REVENUE		
Non-interest revenue comprises:		
Brokerage income	28	86
Commission income	372	329
Fee income	229	230
Income from insurance activities	132	67
Revenue from purchased book debts	307	256
Other income	65	55
Total non-interest revenue	1 133	1 023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

22. TOTAL OPERATING COSTS

	2014 Rm	2013 Rm
Total operating costs comprise:		
Advertising, marketing and public relations	(8)	(7)
Amortisation of intangibles	(5)	(3)
Amortisation of purchased book debts	(82)	(46)
Bank charges	(12)	(11)
Commissions paid	(18)	(28)
Communication costs	(68)	(77)
Consulting fees	(12)	(13)
Cost of sale of goods	(20)	(10)
Data purchases	(1)	(1)
Depreciation	(17)	(14)
Employee expenses	(642)	(590)
Fees paid	(23)	(17)
Impairments	(1)	(9)
Trade and other receivables	(1)	(8)
Goodwill	–	(1)
IT costs	(24)	(22)
Maintenance	(5)	(7)
Motor vehicle expenses	(9)	(6)
Printing and stationery	(4)	(5)
Audit fees	(10)	(9)
Audit fees – current year	(9)	(8)
Other fees	(1)	(1)
Legal fees	(74)	(84)
Professional fees	(2)	(2)
Operating lease rentals – premises	(36)	(31)
Risk management	(34)	(8)
Staff welfare	(10)	(7)
Subscriptions	(3)	(4)
Training and seminars	(8)	(10)
Travel	(12)	(11)
Input VAT disallowed	(26)	(31)
Other operating costs	(54)	(8)
Total operating costs	(1 220)	(1 071)
Number of employees	3 719	3 673

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

22. TOTAL OPERATING COSTS continued

EXECUTIVE COMPENSATION

Executive directors' remuneration

The following table shows a breakdown of the annual remuneration (excluding share awards) of directors for the year ended 30 September 2014:

Executive director	Total gross package 2014 R	Annual incentive bonus 2014 R	Total 2014 R	Total gross package 2013 R	Annual incentive bonus 2013 R	Total 2013 R
David Hurwitz*	**3 335 409**	**2 208 566**	**5 543 975**	3 067 972	1 500 000	4 567 972
Mark Herskovits[1]*	**1 620 366**	**1 378 411**	**2 998 777**	–	–	–
Jonathan Jawno	**1 220 875**	**800 000**	**2 020 875**	2 586 284	400 000	2 986 284
Michael Mendelowitz	**1 221 475**	**1 800 000**	**3 021 475**	1 220 040	1 800 000	3 020 040
Roberto Rossi[2]	**509 185**	**–**	**509 185**	1 686 150	800 000	2 486 150
Mark Lamberti[3]	**1 311 381**	**2 150 000**	**3 461 381**	2 989 712	3 760 288	6 750 000
Steven Kark[4]	**450 709**	**5 349 501**	**5 800 210**	2 643 592	1 000 000	3 643 592
	9 669 400	**13 686 478**	**23 355 878**	14 193 750	9 260 288	23 454 038

1 Appointed as director on 15 January 2014.
2 Re-classified as non-executive from 5 March 2014.
3 Re-classified as non-executive director from 15 January 2014 and resigned as director on 5 March 2014.
4 Resigned as a director on 26 November 2013 due to the sale of Paycorp Holdings Proprietary Limited.
** The following SARs were granted and have a three year vesting period from grant date: (Refer to note 26 for further details regarding the SARs)*
David Hurwitz: Present value of R2 092 570 (2013: R3 200 000), number of SARs 979 049 (2013: 2 004 494)
Mark Herskovits: Present value of R2 675 060 (2013: R2 700 000), number of SARs 1 251 578 (2013: 1 691 292).

Prescribed officers' remuneration

As a result of the group restructure and the changes to the group's executive committee, there were no prescribed officers for the year ended 30 September 2014. The following table shows a breakdown of the remuneration of prescribed officers for the year ended 30 September 2013.

Prescribed officer	Total gross package 2014 R	Annual incentive bonus 2014 R	Total 2014 R	Total gross package 2013 R	Annual incentive bonus 2013 R	Total 2013 R
Prescribed officer A	–	–	–	3 519 035	–	3 519 035
Prescribed officer B	–	–	–	2 600 000	1 841 667	4 441 667
Prescribed officer C	–	–	–	2 700 000	450 000	3 150 000
	–	–	–	8 819 035	2 291 667	11 110 702

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

22. TOTAL OPERATING COSTS continued

EXECUTIVE COMPENSATION continued

Non-executive directors' fees

During the current year the audit committee and the risk and compliance committee were combined into one committee, being the audit, risk and compliance committee.

The nominations and remuneration committee was split into two committees, being the nominations committee and the remuneration committee.

The fees are paid to non-executive directors quarterly in arrears and determined by the board on a market-related basis as recommended by the remuneration committee.

Board members 2014	C Seabrooke R	D Woollam R	P Langeni R	D Tabata R	S Zagnoev[1] R	C Ntumba[2] R	R Rossi[3] R	M Lamberti[4] R	Total R
Director	–	250 000	250 000	250 000	250 000	62 500	145 833	–	**1 208 333**
Chairperson	973 250	–	–	–	–	–	–	150 000	**1 123 250**
Lead independent director	125 000								**125 000**
Audit committee (chairperson)		118 250							**118 250**
Audit committee (member)	42 500	–	42 500	–	–	42 500	–	–	**127 500**
Risk and compliance committee (chairperson)	–	75 000	–	–	–	–	–	–	**75 000**
Risk and compliance committee (member)	32 500	–	–	–	–	–	–	–	**32 500**
Audit, risk and compliance committee (chairperson)	–	262 500	–	–	–	–	–	–	**262 500**
Audit, risk and compliance committee (member)	–	–	112 500	–	–	–	–	–	**112 500**
Assets and liabilities committee (chairperson)	–	–	–	–	–	–	–	–	**–**
Assets and liabilities committee (member)	32 500	32 500	–	–	–	–	–	–	**65 000**
Nominations and remuneration committee (chairperson)	–	–	–	75 000	–	–	–	–	**75 000**
Nominations and remuneration committee (member)	32 500	–	32 500	–	32 500	–	–	–	**97 500**
Remuneration committee (chairperson)	–	–	–	72 917	–	–	–	–	**72 917**
Remuneration committee (member)	–	–	–	10 000	–	–	–	–	**10 000**
Nominations committee (chairperson)	–	–	–	–	–	–	–	–	**–**
Nominations committee (member)	–	–	–	45 000	–	–	35 000	–	**80 000**
Social and ethics committee (chairperson)	–	–	143 750	–	–	–	–	–	**143 750**
Social and ethics committee (member)	–	–	–	–	–	32 500	–	–	**32 500**
Total annual fees	**1 238 250**	**738 250**	**581 250**	**452 917**	**282 500**	**137 500**	**180 833**	**150 000**	**3 761 500**

1 The fees for Mr Zagnoev are paid directly to Ethos Technology Fund I and Ethos Private Equity Fund V comprising various private equity investors on whose behalf he is a partner.
2 Resigned as non-executive director, effective 26 November 2013.
3 Re-classified as non-executive from 5 March 2014.
4 Re-classified as non-executive director from 15 January 2014 and resigned as director on 5 March 2014.

Board members 2013	C Seabrooke R	D Woollam R	P Langeni R	D Tabata R	S Zagnoev[1] R	C Ntumba R	B Madumise[2] R	Total R
Director	–	250 000	250 000	250 000	250 000	250 000	145 833	1 395 833
Chairperson	893 000	–	–	–	–	–	–	893 000
Audit committee (chairperson)	–	473 000	–	–	–	–	–	473 000
Audit committee (member)	170 000	–	170 000	–	–	170 000	–	510 000
Assets and liabilities committee (chairperson)	–	–	–	–	–	–	–	–
Assets and liabilities committee (member)	130 000	130 000	–	–	–	–	–	260 000
Nominations and remuneration committee (chairperson)	–	–	–	300 000	–	–	–	300 000
Nominations and remuneration committee (member)	130 000	–	130 000	–	130 000	–	–	390 000
Risk and compliance committee (chairperson)	–	300 000	–	–	–	–	–	300 000
Risk and compliance committee (member)	130 000	–	–	–	–	–	–	130 000
Social and ethics committee (chairperson)	–	–	83 333	–	–	–	116 667	200 000
Social and ethics committee (member)	–	–	75 833	–	–	54 167	–	130 000
Total annual fees	**1 453 000**	**1 153 000**	**709 167**	**550 000**	**380 000**	**474 167**	**262 500**	**4 981 833**

1 The fees for Mr Zagnoev are paid directly to Ethos Technology Fund I and Ethos Private Equity Fund V comprising various private equity investors on whose behalf he is a partner.
2 Resigned as non-executive director, effective 29 April 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

	2014 Rm	2013 Rm
23. INCOME TAX EXPENSE		
South African normal taxation:	**(79)**	(76)
Current taxation	**(46)**	(40)
Current year	**(45)**	(38)
Prior years	**(1)**	(2)
Deferred taxation	**(33)**	(36)
Current year	**(33)**	(39)
Prior years	**–**	3
	(79)	(76)
Tax rate reconciliation		
South African tax rate	**28.0%**	28.0%
Tax effects of:		
Income not subject to tax – dividends	**(9.0%)**	(5.2%)
Expenses not deductible for tax purposes	**2.0%**	1.6%
Prior year taxes	**1.4%**	(1.7%)
Permanent differences	**(3.1%)**	(1.5%)
Effective tax rate	**19.3%**	21.2%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

24. DISCONTINUED OPERATIONS

24.1 DISPOSAL OF THE UNSECURED LENDING BUSINESS

Transaction Capital Limited disposed of its 82.65% interest in Bayport Financial Services 2010 Proprietary Limited on 31 December 2013 to Bayport Management Limited. Proceeds of R1.3 billion were received on 10 January 2014, resulting in a profit on sale of R234 million.

24.2 DISPOSAL OF THE PAYMENT SERVICES BUSINESS

Transaction Capital Limited disposed of 100% of Paycorp on 1 November 2013 to Main Street 1127 Proprietary Limited, a company owned by funds of emerging market private equity firm Actis, with minority ownership retained by the Paycorp management team. The net sale proceeds of R937 million were received on 1 November and resulted in a profit on sale of R425 million.

24.3 ANALYSIS OF PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

The results of the unsecured lending business and the payment services business included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	2014 Rm	2013 Rm
Profit for the year from discontinued operations		
Interest and other similar income	**382**	1 458
Interest and other similar expense	**(138)**	(418)
Impairment of loans and advances	**(177)**	(754)
Risk adjusted net interest income	**67**	286
Non-interest revenue	**232**	1 410
Total operating costs	**(295)**	(1 366)
Income tax expense	**(80)**	(43)
Impact of classification to held for sale	**11**	15
Loss/(profit) attributable to non-controlling interests	**13**	(42)
Profit on disposal of subsidiary companies	**659**	–
Profit from discontinued operations attributable to equity holders of the parent	**607**	261
Cash flows attributable to discontinued operations:		
Cash flow from operating activities		
Cash generated by operations	**111**	1 190
Income taxes paid	**–**	(72)
Dividends paid	**(4)**	(44)
Cash flow from operating activities before changes in operating assets and liabilities	**107**	1 075
Increase in operating assets and liabilities	**(242)**	(793)
Net proceeds from interest-bearing liabilities	**(60)**	648
Loans and advances	**(183)**	(1 441)
Net increase in working capital	**(38)**	(121)
Inventories	**1**	88
Trade and other receivables	**(21)**	(17)
Trade and other payables	**(17)**	(191)
Net cash generated by operating activities	**(173)**	161
Cash flow from investing activities		
Acquisition of property and equipment	**(7)**	(145)
Acquisition of intangible assets	**–**	(7)
Disposal of property and equipment	**–**	38
Net cash utilised by investing activities	**(7)**	(114)
Net (decrease)/increase in cash and cash equivalents	**(180)**	47
Cash and cash equivalents at beginning of the year	**449**	402
Cash and cash equivalents at disposal date	**269**	449

The amounts in the 2014 and 2013 statement of comprehensive income relating to Paycorp Holdings Proprietary Limited and its subsidiaries and Bayport Financial Services 2010 Proprietary Limited and its subsidiaries were reclassified from continuing to discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

24. DISCONTINUED OPERATIONS continued

24.4 DISPOSAL OF SUBSIDIARY COMPANIES

24.4.1 Plan to dispose of the businesses

Transaction Capital Limited disposed of 100% of Paycorp on 1 November 2013 to Main Street 1127 Proprietary Limited, a company owned by funds of emerging market private equity firm Actis, with minority ownership retained by the Paycorp management team. The net sale proceeds of R937 million were received on 1 November and resulted in a profit on sale of R425 million.

Transaction Capital Limited disposed of its 82.65% interest in Bayport Financial Services 2010 Proprietary Limited on 31 December 2013 to Bayport Management Limited. Proceeds of R1.3 billion were received on 10 January 2014, resulting in a profit on sale of R234 million.

		2014 Rm
24.4.2	**Consideration received**	
	Consideration received in cash and cash equivalents	2 544
	Cash paid to acquire Bayport minorities	(280)
	Net consideration received	2 264
24.4.3	**Analysis of assets and liabilities over which control was lost**	
	Cash and cash equivalents	304
	Loans and advances	4 724
	Trade and other receivables	154
	Inventories	108
	Intangible assets	13
	Property and equipment	286
	Goodwill	446
	Unlisted investments	306
	Other	107
	Total assets	6 448
	Bank overdrafts	34
	Trade and other payables	218
	Interest-bearing liabilities	4 353
	Other	111
	Total liabilities	4 716
	Net asset value over which control was lost	1 732
24.4.4	**Gain on disposal of subsidiary**	
	Consideration received	2 264
	Net assets disposed of	(1 732)
	Goodwill disposed of, not included in net asset value above	(332)
	Non-controlling interests	180
	Realisation of available-for-sale asset	305
	Costs associated with disposals	(26)
	Gain on disposal	659
	The gain on disposal is included in the profit for the year from discontinued operations.	
24.4.5	**Net cash inflow on disposal of subsidiaries**	
	Consideration received in cash and cash equivalents	2 264
	Less cash and cash equivalents balances disposed of	(269)
		1 995

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

	Units	2014	2013
25. EARNINGS PER SHARE			
Basic earnings per share			
From continuing operations	cents	57.3	48.5
From discontinued operations	cents	105.4	44.7
Total basic earnings per share	cents	162.7	93.2
The earnings used in the calculation of basic earnings per share are as follows:			
Profit for the year attributable to ordinary equity holders	Rm	937.2	543.9
Profit for the year from discontinued operations	Rm	607.0	261.4
Earnings used in the calculation of basic earnings per share from continuing operations	Rm	330.2	282.5
Weighted average number of ordinary shares for the purposes of basic earnings per share			
Issued shares at the beginning of the year	million	582.6	584.3
Effect of shares repurchased during the year	million	(6.7)	(0.7)
Weighted average number of ordinary shares for the purposes of basic earnings per share	million	575.9	583.6
Diluted earnings per share			
From continuing operations	cents	57.2	48.5
From discontinued operations	cents	105.1	44.7
Total diluted basic earnings per share	cents	162.3	93.2
The earnings used in the calculation of diluted earnings per share are as follows:			
Earnings used in the calculation of basic earnings per share	Rm	937.2	543.9
Earnings used in the calculation of diluted earnings per share	Rm	937.2	543.9
Profit for the year from discontinued operations	Rm	607.0	261.4
Earnings used in the calculation of diluted earnings per share from continuing operations	Rm	330.2	282.5
Reconciliation of weighted average number of ordinary shares for diluted earnings per share:			
Weighted average number of ordinary shares used in the calculation of basic earnings per share	million	575.9	583.6
Shares deemed to be issued for no consideration in respect of share appreciation rights	million	1.5	–
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	million	577.4	583.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

	2014 Rm Gross	2014 Rm Net	2013 Rm Gross	2013 Rm Net
25. EARNINGS PER SHARE continued				
Headline earnings				
Headline earnings are determined as follows:				
Profit attributable to ordinary equity holders		937.2		543.9
Adjustments for:				
Profit on disposal of subsidiaries less de-grouping tax payable	(585.9)	(585.9)	–	–
Impairment of goodwill	0.0	0.0	>1	0.5
Headline earnings of discontinued operations	(21.1)	(21.1)		(261)
Headline earnings from continuing operations		330.2		283.0
Headline earnings per share (cents) from continuing operations		57.3		48.5
Headline earnings per share (cents) from total operations		61.0		93.4
Diluted headline earnings per share (cents) from total operations		60.8		93.4

26. SHARE-BASED PAYMENTS

26.1 DETAILS OF THE SHARE APPRECIATION RIGHTS PLAN

During the prior year the group implemented a share appreciation rights plan for executives and senior employees of the company and its subsidiaries. In accordance with the terms of the plan, as approved by shareholders at a general meeting, the grant of share appreciation rights (SARs) will be made on an annual or on an ad hoc basis. The number of SARs granted to an employee will take cognisance of the employees grade, performance, term of employment, retention requirements and market benchmarks. A SAR is a conditional right to acquire shares in the company for no consideration, the number being determined by the appreciation in value of a share over a fixed period, and the number of SARs granted.

Following the sale of subsidiaries in the current year Transaction Capital made a capital distribution to shareholders of 210 cents per share on 17 March 2014, requiring an adjustment to be made to the grant price of the SARs in issue. In terms of the SAR plan, the remuneration committee may make such adjustments to the SARs to ensure that participants are placed in substantially the same position as they were prior to the capital distribution. The numbers of SARs in issue remained constant and the grant price was adjusted per the table below.

	Original grant price (cents)	Revised grant price (cents)
1) Granted on 11 July 2013	671	369
2) Granted on 18 November 2013	767	421

The following share appreciation rights were in existence during the current year:

	Number	Grant date	Expiry date	Grant price (cents)	Fair value at grant date (cents)
1) Granted on 11 July 2013	13 984 457	11 Jul 2013	11 Jul 2017	369	160
2) Granted on 18 November 2013	7 707 409	18 Nov 2013	18 Nov 2017	421	214
2) Granted on 6 May 2014	775 581	06 May 2014	06 May 2018	541	215

26.2 FAIR VALUE OF SHARE APPRECIATION RIGHTS GRANTED IN THE YEAR

Inputs into the model	11 Jul 2013	18 Nov 2013	06 May 2014
Grant date closing share price (cents)	700	765	560
Grant price (cents)	369	421	541
Expected volatility	28.38%	32.07%	47.72%
Option life	4 years	4 years	4 years
Dividend yield	2.57%	2.35%	2.32%
Risk free rate	6.69%	6.90%	7.23%
Staff turnover rate	nil	nil	nil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

26. SHARE-BASED PAYMENTS continued

26.3 MOVEMENT IN SHARE APPRECIATION RIGHTS DURING THE YEAR

	2014		2013	
	Number of SARs	Weighted average grant price (cents)	Number of SARs	Weighted average grant price (cents)
Balance at beginning of year	14 767 464	369	–	–
Granted during the year	8 482 990	432	14 767 464	369
Exercised during the year	(164 140)	391	–	–
Cancelled during the year	(618 867)	389	–	–
Balance at end of year	22 467 447	393	14 767 464	369

26.4 SHARE APPRECIATION RIGHTS EXPENSE RECOGNISED

	2014	2013
The expense has been recognised in the statement of comprehensive income under employee costs.	12	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

	2014 Rm	2013 Rm
27. CASH GENERATED BY OPERATIONS		
Profit from continuing operations before taxation	**409**	359
Adjusted for:		
Equity accounted earnings	**(3)**	(4)
Depreciation	**17**	17
Depreciation on non-current assets held for sale	**–**	17
Dividends received from insurance activities	**(128)**	(67)
Amortisation of purchased book debts	**82**	46
Amortisation of intangible assets	**5**	3
Non-operating profit	**(1)**	–
Bad debts written off	**274**	208
Impairment of loans and advances	**52**	78
Impairment of trade receivables	**1**	8
Impairment of goodwill	**–**	1
Impairment of inventory	**–**	1
Movement in share appreciation rights accrual	**12**	2
Loss on disposal of property and equipment	**3**	–
Other non-cash flow movements	**(26)**	(1)
Cash generated by operations	**697**	668
28. INCOME TAXES PAID		
Amounts receivable at the beginning of the year	**62**	15
Disposal of subsidiary companies	**(37)**	–
Charged in statement of comprehensive income	**(79)**	(76)
Deferred taxation charge in the income statement	**33**	36
Prior year deferred tax	**(17)**	–
Reversal of tax movements relating to discontinued operations	**–**	43
Amounts receivable at the end of the year	**(15)**	(62)
Income taxes paid	**(53)**	(44)
29. DIVIDENDS PAID TO ORDINARY SHAREHOLDERS		
Ordinary dividends for the year	**(104)**	(105)
Dividends paid	**(104)**	(105)

An interim dividend of 6 (2013: 9) cents per share was declared on 6 May 2014 and paid on 9 June 2014.
A final dividend of 10 (2013: 12) cents per share was declared on 25 November 2014 for payment on or about 22 December 2014.
Refer to the directors report for additional information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

	2014 Rm	2013 Rm
30. CONTINGENCIES AND COMMITMENTS		
Capital commitments		
Approved	2	–
Contracted	3	<1
Total	5	–
Operating lease commitments		
Future minimum payments under non-cancellable operating leases		
Premises		
Year 1	47	59
Year 2	51	53
Year 3	48	43
Year 4	46	37
Year 5	45	34
Total operating lease commitments	237	226

The group had no contingent liabilities at year end.

31. SHAREHOLDER SPREAD

	Number of shareholders	Number of shares (million)	Number of shares (%)
Non-public			
Directors of Transaction Capital and its subsidiaries and their associates	22	264	46
Public			
Old Mutual Life Assurance Co. South Africa Ltd.	1	57	10
Allan Gray	1	32	6
Remaining institutional shareholders	39	125	22
Ethos Private Equity	1	52	9
Retail Investors	1 080	42	7
Sub-total	1 122	308	54
Total	1 144	572	100

32. FINANCIAL RISK MANAGEMENT

The board is responsible for risk management and the setting of the risk management framework. Oversight of risk management is the responsibility of two board subcommittees; the assets and liabilities committee (ALCO) and the audit, risk and compliance committee (ARC). The ALCO monitors risks associated with liquidity and funding, interest rates, counterparties, currency exposures and capital adequacy. The ARC committee monitors risks associated with financial reporting, accounting policies, internal control and IT governance. The audit, risk and compliance committee is responsible for risk management including setting the risk management framework, setting risk appetite and monitoring the group's management of risk including credit and compliance.

The responsibility for day to day management of risks falls to each of the respective subsidiary's chief executive officer's and their executive committees. Risk management is managed at subsidiary level through the divisional executive committees and reviewed by each of the respective subsidiary boards. Group oversight is the responsibility of the group chief financial officer.

32.1 CREDIT RISK

Credit risk is the risk of loss arising from the failure of a client or counterparty to discharge an obligation to the group. The primary credit risks that the group is exposed to arise from finance leases to minibus taxi operators, invoice discounting and secured mortgage loans. The portfolio of purchased book debts exposes the group to credit risk if they fail to perform in accordance with estimated net future cash flows. It is not the group's strategy to avoid credit risk, but rather to manage credit risk within the group's risk appetite and to earn an appropriate risk adjusted return.

The group limits its counterparty exposure arising from money market instruments by dealing only with well established financial institutions of high credit standing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.1 CREDIT RISK continued

Credit risk management and measurement

Each subsidiary is responsible for the identification, measurement, management, control and reporting of credit risk within their business units. Exposure to credit losses is managed by assessing customer's affordability and their ability to repay loans and advances, customers risk profile, employment status and stability, earnings potential in the case of taxi's and collectability in the case of purchased book debt. Each of the group's lending businesses tends to have homogeneous or similar asset portfolios within their respective businesses. Impairments are monitored and provided for using statistical techniques including experiential and behavioural models. These models are based on customers' financial performance information while on book and assume that recent performance is a strong indicator of future performance. In the case of key asset classes, independent models are developed to monitor the robustness of the primary models relative to actual performance and to optimise their effectiveness. Models are either developed internally or by expert external advisors. In the case of secured lending asset classes, the realisable/fair value of the underlying security is taken into consideration in arriving at a final impairment.

SA Taxi

The minibus taxi industry plays a critical role in transporting commuters to their places of business daily. SA Taxi is a Developmental Credit Provider whose purpose is to create and develop small businesses in the taxi industry through the provision of finance to existing and aspirant taxi operators. Customers almost exclusively come from previously disadvantaged and marginalised communities, with the finance provided for many being one of the few opportunities to escape poverty and create wealth without a formal education.

Our legitimacy as a business stems from our ability to differentiate viable taxi businesses and viable operators in our lending decision and in actively managing our on book exposures through intimate knowledge of the operating realities affecting our customers.

Our credit granting processes centre on synthesising all the insights gained from past lending experiences and current industry knowledge (at route and association level) in identifying credible operators on viable routes. In an ever changing environment, the pursuit of deep insight into what makes for a credible operator and a viable route remains our primary objective.

Likewise our credit management processes centre on identifying the root cause for poor payment performance and addressing the root cause. Causes for poor payment performance range from changes in route viability due to emerging local economic trends, to temporary personal setbacks experienced by operators, to mechanical difficulties or accidents, to reticence or operator failure. In credit management our primary objective is to support viable businesses through tough operating environments, with legal enforcement only being resorted to when all other options have been exhausted. In this dynamic environment, the pursuit of deep and rewarding relationships with our customers remains our primary objective.

In governing the policies and changes required to respond to the market realities, the credit committee is responsible for providing executive management and oversight for all credit risk arising within and impacting on the SA Taxi statement of financial position. This committee comprises of the most senior management and includes the company chief executive officer, chief risk officer and chief financial officer and group chief financial officer.

Impairments are monitored and provided for using statistical techniques including experiential and behavioural models. These models are based on information on customers' financial performance while on book and assumes that the previous twelve month rolling performance is a strong indicator of future performance.

Rand Trust Financiers

The credit committee assesses all applications for credit and will approve a facility based on the risk profile of the applicant and an assessment of the collectability of their trade receivables.

Ongoing risk management and collections are handled by experienced credit controllers.

Impairments are monitored by the risk director and provided for based on the assessment of the probability of obligations being met. This assessment is based on direct exposure where there is a probability of non-recovery, taking into account the realisable/fair value of any underlying security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.1 CREDIT RISK continued

MBD CS

Investment process:

Before the acquisition of purchased book debt, there is a defined investment process that is followed in accordance with guidelines as determined by an Investment committee. Purchased book debt is acquired from various sectors, but mostly from the retail and banking industry. Valuation of these books is determined by way of analysis of the historic underlying payment history as well as other parameters which are ultimately presented to the Investment committee to decide on the fair price that the company is willing to offer.

Collections Process:

The business knowledge team continually develops and evolves strategies which are then implemented by operations to collect the various outstanding debt. Methods include tracing, letters, sms's and direct calling both in call centres and legal operations.

Method of provisioning and fair valuing:

MBD CS has built a model to value the principal book portfolio on a monthly basis. Each matter is modelled on a sixty month period based on the collection activity applied to it. A combination of inflows for each matter and cost projections are used to determine a net cash flow which is discounted to the present. This represents the fair value for that matter at the month end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.1 CREDIT RISK continued

32.1.1 Financial assets subject to risk

For the purposes of group disclosure regarding credit quality, in the maximum exposure to credit risk of financial assets at the financial year end is analysed as follows:

	Loans and advances Rm	Other loans receivable Rm	Trade & other receivables* Rm	Purchased book debts Rm	Total Rm
2014					
Neither past due nor impaired	**3 317**	**293**	**427**	**552**	**4 589**
Past due but not impaired	**1 277**	**–**	**25**	**–**	**1 302**
Impaired	**2 143**	**–**	**11**	**–**	**2 154**
Impairment allowance	**(383)**	**–**	**(5)**	**–**	**(388)**
Unidentified impairment (Incurred but not recorded)	**(38)**	**–**	**–**	**–**	**(38)**
Non-performing loans and advances	**(345)**	**–**	**–**	**–**	**(345)**
Non-performing trade and other receivables	**–**	**–**	**(5)**	**–**	**(5)**
Carrying value of written off book	**32**	**–**	**–**	**–**	**32**
Carrying value of financial assets	**6 386**	**293**	**458**	**552**	**7 689**
Fair value of collateral held for loans neither past due nor impaired	**3 953**	**–**	**–**	**–**	**3 953**

	Loans and advances Rm	Other loans receivable Rm	Trade & other receivables* Rm	Purchased book debts Rm	Total Rm
2013					
Neither past due nor impaired	4 913	280	383	420	5 996
Past due but not impaired	2 372	–	28	–	2 400
Impaired	4 412	–	–	–	4 412
Impairment allowance	(1 630)	–	(19)	–	(1 649)
Unidentified impairment (Incurred but not recorded)	(21)	–	–	–	(21)
Non-performing loans and advances	(1 609)	–	–	–	(1 609)
Non-performing trade and other receivables	–	–	(19)	–	(19)
Carrying value of written off book	165	–	–	–	165
Carrying value of financial assets	**10 232**	**280**	**392**	**420**	**11 324**
Fair value of collateral held for loans neither past due nor impaired	710	–	–	–	710

* *Prepayments are not financial assets and therefore have been excluded from trade and other receivables.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.1 CREDIT RISK continued

32.1.2 Financial assets that are neither past due nor impaired

	2014 Rm	2013 Rm
Carrying amount of loans and advances that are neither past due nor impaired	**3 317**	4 913
Credit quality		
High	**2 471**	3 623
Medium	**260**	585
Low	**586**	705

The credit quality of a debt is therefore determined as follows:

SA Taxi

SA Taxi, in conjunction with Principa Decisions, has developed a bespoke application scorecard to assess credit quality when granting loans. The scorecard uses demographic, vehicle, route and credit bureau information to determine the risk of the deal. A detailed affordability assessment is also performed to mitigate risk.

Rand Trust Financiers

The credit committee assesses all applications for credit and will approve a facility based on the risk profile of the applicant, and an assessment of the collectability of their trade receivables and realisable value of other tangible security. Ongoing risk management and collections are handled by experienced credit controllers.

MBD CS

The credit quality is assessed on the date the loan is granted, based on the loan to value percentage. Where the loan to value percentage is less than a 100% the credit quality is assessed as high, where it is in excess of 100% the credit quality is assessed as medium.

32.1.3 Financial assets that are past due but not impaired

These are assets where contractual interest or principal payments are past due, but the group believes that impairment is not appropriate. Recent payment history and the level of collateral available, if any, are key considerations in determining whether an asset is impaired. The age of loans and advances and other assets that are past due but not impaired is as follows:

	Past due up to 1 month Rm	Past due up to 1 – 2 months Rm	Past due up to 2 – 3 months Rm	Past due up to 3 – 4 months Rm	Past due older than 4 months Rm	Total Rm
2014						
Loans and advances	**450**	**205**	**110**	**88**	**424**	**1 277**
Trade and other receivables	**6**	**5**	**11**	**1**	**2**	**25**
Financial assets that are past due but not impaired	**456**	**210**	**121**	**89**	**426**	**1 302**
2013						
Loans and advances	667	311	216	146	1 032	2 372
Trade and other receivables	11	9	3	1	4	28
Financial assets that are past due but not impaired	678	320	219	147	1 036	2 400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.1 CREDIT RISK continued

32.1.3 Financial assets that are past due but not impaired continued

Valuation of collateral

The group typically holds vehicles (taxis), bonds over residential property and debtor books in the case of invoice discounting as collateral against secured advances. Any security taken as part of the credit decision is valued according to the applicable credit policies at the time of credit approval and at regular intervals thereafter. The group uses a number of approaches for the valuation of collateral, including:

> SA Taxi's collateral over the secured debt is valued with reference to the selling prices achieved in the active secondary market for vehicles which has been created by SA Taxi through its subsidiary Taximart Proprietary Limited and the TransUnion Auto Dealers Guide.

> Valuations of property held as security over mortgage loans take into account market conditions, area where the property is situated, the condition of the property and comparable sales within the geographical area.

Due to the specialised nature of the group's businesses, a certain degree of concentration in the collateral underpinning the various portfolios cannot be avoided. At the statement of financial position date, the group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

32.2 INTEREST RATE RISK

Interest rate risk is the risk of loss arising from the fair value or future cash flows of a financial instrument because of changes in market interest rates.

The group is exposed to interest rate risk associated with the effects of fluctuations in the prevailing levels of market rates on future cash flows of a financial instrument and the fair value of the financial instrument based on changes in market interest rates.

The group has exposure to the effects of fluctuations in the prevailing levels of market interest rates on both the value of interest sensitive assets and liabilities and cash flows.

The table below summarises the exposure to interest rate risk through grouping assets and liabilities into repricing categories, determined to be the earlier of contractual repricing date or maturity.

32.2.1 Risk profile of financial assets and liabilities

2014	Floating rate liabilities Rm	Floating rate assets Rm	Net floating rate asset Rm
Total	**5 267**	**7 108**	**1 841**

2013	Floating rate liabilities Rm	Floating rate assets Rm	Net floating rate asset Rm
Total	7 011	4 588	(2 423)

32.2.2 Weighted average interest rates are as follows:

	2014		2013	
	Bank balances %	Borrowings %	Bank balances %	Borrowings %
Total	**6.4%**	**10.4%**	4.8%	10.2%

The group is exposed to interest rate risk associated with the effects of fluctuations in the prevailing market rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.3 INTEREST RATE SENSITIVITY ANALYSIS

The group's exposures to various financial risks are set out below:

Interest rate risk

	Effect on profit before tax of 1% increase in rates Rm	Total carrying value of assets and liabilities Rm
30 September 2014		
Assets		
Loans and advances	**51**	**6 386**
Fixed rate loans and advances	**–**	**1 322**
Floating rate loans and advances	**51**	**5 058**
Purchase book debts	**6**	**552**
Other loans receivable	**3**	**293**
Trade and other receivables	**5**	**458**
Cash and cash equivalents	**13**	**1 345**
	78	**8 482**
Liabilities		
Interest bearing borrowings	**53**	**6 178**
Fixed rate borrowings	**–**	**911**
Floating rate borrowings	**53**	**5 267**
Trade and other payables	**2**	**187**
Bank overdrafts	**1**	**101**
	56	**6 466**
Net exposure	**22**	**2 016**
30 September 2013		
Assets		
Loans and advances	39	10 232
Fixed rate loans and advances	–	6 343
Floating rate loans and advances	39	3 889
Purchase book debts	4	420
Other loans receivable	3	280
Trade and other receivables	4	392
Cash and cash equivalents	7	673
	57	11 997
Liabilities		
Interest bearing borrowings	54	9 601
Fixed rate borrowings	–	2 590
Floating rate borrowings	54	7 011
Trade and other payables	2	307
Bank overdrafts	2	71
	58	9 979
Net exposure	(1)	2 018

The effect of a 1% change in interest rates is shown above. As the group has no control over rate movements, it cannot predict the effect of future rate movements, if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.4 LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the group is unable to meet payment obligations when they fall due or that insufficient funds are available to meet loan demands in the ordinary course of business. The group's objectives in relation to liquidity risk management are to manage the contractual mismatch between cash inflows from assets and cash outflows to settle liabilities, to fund the expected balance sheet growth, to honour all cash outflow commitments, to avoid raising funds at market premiums or through the forced sale of assets as a result of liquidity pressure, and to take advantage of attractive but unanticipated borrowing opportunities.

The monitoring and reporting of liquidity risk takes the form of, as a minimum, cash flow projections to settlement of longest dated funding obligations by subsidiary or securitisation vehicle, an analysis of the group's borrowing facilities and utilisation thereof, borrowing facilities under discussion, maturity profile and concentration of liability by counterparty, asset maturities and borrowing facility obligations and special conditions.

The group's capital markets (CM) team is responsible for executing on fund raising mandates given to it by each subsidiary in support of their respective business models. This includes the ongoing assessment and evaluation of various funding sources designed to grow and diversify the group's funding base in order to achieve an optimal funding profile and sound liquidity. The CM team is also responsible for the ongoing monitoring of asset portfolio performance and its impact on funder obligations including covenants.

It is the responsibility of each subsidiary to manage their daily cash flow requirements, to ensure funding covenants are maintained, to produce financial projections to monitor the impact of business trends on future funding requirements and covenants and to notify the CM team of any changes to the business environment that may impact funding requirements.

The table below analyses financial liabilities at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

2014	On demand Rm	Within 1 year Rm	From 1 – 5 years Rm	More than 5 years Rm	Total Rm
Liabilities					
Bank overdrafts	101	–	–	–	101
Trade and other payables**	77	110	–	–	187
Interest-bearing liabilities	5	2 266	5 335	5	7 611
Financial liabilities	183	2 376	5 335	5	7 899
Non-financial liabilities	60	201			261
Total Liabilities	243	2 577	5 335	5	8 160

2013	On demand Rm	Within 1 year Rm	From 1 – 5 years Rm	More than 5 years Rm	Total Rm
Liabilities					
Bank overdrafts	71	–	–	–	71
Trade and other payables**	81	226	–	–	307
Interest-bearing liabilities	–	3 014	8 091	978	12 083
Financial liabilities	152	3 240	8 091	978	12 461
Non-financial liabilities	130	147			277
Total Liabilities	282	3 387	8 091	978	12 738

** *Revenue received in advance, leave pay accrual and deferred lease liability are not financial liabilities and therefore have been excluded from trade and other payables.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.5 CAPITAL RISK

The objective of the group's capital management strategy is to maximise shareholder value. To achieve this the group considers the capital required to support growth in its operating divisions, to maintain credit ratings in various group entities and to comply with borrowing covenants, and for unexpected shocks.

The group defines capital as equity, group loans and subordinated and structually subordinated debt.

Equity comprises permanent paid up capital, share premium, revenue and other reserves together with certain loans from shareholders.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a strong capital position.

32.6 INSURANCE AND ASSURANCE RISK

Insurance and assurance risk is the risk assumed under any insurance contract that the insured event occurs. By the very nature of an insurance/assurance contract, this risk is random and unpredictable. The exposure to assurance risk is limited through an underwriting strategy, limits and adopting appropriate risk assessment techniques. It is not the group's policy to reinsure risks that are within its risk appetite. The risk base of the group is not concentrated in any one region or sector of the economy.

Exposure to insurance risk

Assets underpinning the secured lending portfolio are insured with accredited insurers. The group is not exposed to any underwriting risk.

32.7 CURRENCY RISK

Currency risk is the possibility of incurring a financial loss as a consequence of the depreciation in the measurement currency relative to a foreign currency prior to payment of a commitment in that foreign currency or the strengthening of the measurement currency prior to receiving payment in a foreign currency.

The foreign currencies to which the group has exposure are US dollars and Euro. Where the timing of future cash flows can be predicted with relative certainty, this risk is managed by entering into forward exchange contracts at the time the risk arises.

The following significant exchange rates applied during the year:

	Average rate		Reporting date closing rate	
	2014	2013	**2014**	2013
USD	**10.6**	9.4	**11.3**	10.1
Euro	**14.4**	12.1	**14.3**	13.3
Pula	**1.2**	1.1	**1.2**	1.1
Foreign amounts included in the financial statements at the end of the financial year in millions of units of foreign currency.				
US dollars	**2**	7		
Euro	**13**	18		
Pula	**–**	–		

The cross-currency swaps that are in place mitigate the foreign currency risk with regard to the balances denominated in Euro.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.8 FAIR VALUE DISCLOSURE

The fair values of financial assets and liabilities have been disclosed below:

	Carrying value 2014 Rm	Fair value 2014 Rm	Carrying value 2013 Rm	Fair value 2013 Rm
30 September 2013				
Assets				
Loans and advances	6 386	6 358	10 232	10 078
Purchased book debts	552	568	420	437
Other loans receivable	293	293	280	280
Trade and other receivables*	458	458	392	392
Cash and cash equivalents	1 345	1 345	673	673
	9 034	9 022	11 997	11 860
Liabilities				
Interest-bearing liabilities	6 178	6 162	9 601	9 774
Trade and other payables**	187	187	307	307
Bank overdrafts	101	101	71	71
	6 466	6 450	9 979	10 152
Net exposure	2 568	2 572	2 018	1 708

* *Prepayments are not financial assets and therefore have been excluded from trade and other receivables.*

** *Revenue received in advance, leave pay accrual and deferred lease liability are not financial liabilities and therefore have been excluded from trade and other payables.*

32.9 HEDGE ACCOUNTING

The ineffective portion of fair value movements of hedging instruments for 2014 was nil (2013: nil).

Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

	2014 Rm	2013 Rm
Balance at the beginning of the year	4	(3)
(Loss)/gain (net of tax) arising on changes in fair value of hedging instruments entered into for cash flow hedges	(4)	44
Currency swaps	(4)	44
Loss/(gain) (net of tax) arising on changes in fair value of hedging instruments reclassified to profit or loss	4	(37)
Interest rate swaps	–	2
Currency swaps	4	(39)
Balance at the end of the year	4	4

Losses/(gains) arising on changes in fair value of hedging instruments reclassified from equity into profit or loss during the year are included in the following line items in the consolidated income statement are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.9 HEDGE ACCOUNTING continued

	2014 Rm	2013 Rm
Interest and similar income		2
Interest and similar expense		
Non-interest revenue		
Total operating costs	(6)	(54)
Gains arising on changes in fair value of hedging instruments reclassified from equity into profit or loss during the year	(6)	(52)

The time periods in which the hedged cash flows are expected to occur and affect the consolidated statement of comprehensive income are as follows:

2014	<1 year	1 – 5 years	> 5 years
Cash outflows	(51)	(90)	–
Cash inflows	51	90	–
Total cash flows	–	–	–

2013	<1 year	1 – 5 years	> 5 years
Cash outflows	(51)	(141)	–
Cash inflows	51	141	–
Total cash flows	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.10 STATEMENT OF FINANCIAL POSITION CATEGORIES

	2014						
	At fair value through profit and loss	Loans and receivables	Avaliable-for-sale	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Equity	Total
Assets							
Cash and cash equivalents	–	1 345	–	–	–	–	1 345
Tax receivables	–	0	–	–	17	–	17
Trade and other receivables	54	404	–	–	35	–	493
Inventories	–	–	–	–	4	–	4
Loans and advances	–	6 088	–	–	298	–	6 386
Purchased book debts	–	552	–	–	–	–	552
Other loans receivable	–	293	–	–	–	–	293
Other investments	–	–	238	–	–	–	238
Equity accounted investments	–	–	–	–	7	–	7
Intangible assets	–	–	–	–	19	–	19
Property and equipment	–	–	–	–	51	–	51
Goodwill	–	–	–	–	192	–	192
Deferred tax assets	–	–	–	–	93	–	93
Total assets	54	8 682	238	–	716	–	9 690

	2014						
	At fair value through profit and loss	Loans and receivables	Avaliable-for-sale	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Equity	Total
Equity and liabilities							
Liabilities							
Bank overdrafts	–	–	–	101	–	–	101
Tax payables	–	–	–	–	2	–	2
Trade and other payables	–	–	–	187	55	–	242
Provisions	–	–	–	18	–	–	18
Interest-bearing liabilities	–	–	–	6 178	–	–	6 178
Deferred tax liabilities	–	–	–	–	186	–	186
Total Liabilities	–	–	–	6 484	243	–	6 727
	–	–	–				
Equity	–	–	–				–
Ordinary share capital	–	–	–	–	–	483	483
Other reserves	–	–	–	–	–	96	96
Retained earnings	–	–	–	–	–	2 384	2 384
Equity attributable to ordinary equity holders of the parent	–	–	–	–	–	2 963	2 963
Non-controlling interests	–	–	–	–	–	–	–
Total equity	–	–	–	–	–	2 963	2 963
Total equity and liabilities	–	–	–	6 484	243	2 963	9 690

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.10 STATEMENT OF FINANCIAL POSITION CATEGORIES continued

	2013						
	At fair value through profit and loss	Loans and receivables	Avaliable-for-sale	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Equity	Total
Assets							
Cash and cash equivalents	–	673	–	–	–	–	673
Tax receivables	–	–	–	–	64	–	64
Trade and other receivables	60	332	–	–	113	–	505
Inventories	–		–	–	85	–	85
Loans and advances	–	10 232	–	–	–	–	10 232
Purchased book debts	–	420	–	–	–	–	420
Other loans receivable	–	280	–	–	–	–	280
Other investments	–	–	481	–	–	–	481
Equity accounted investments	–	–	–	–	4	–	4
Intangible assets	–	–	–	–	21	–	21
Property and equipment	–	–	–	–	96	–	96
Goodwill	–	–	–	–	594	–	594
Deferred tax assets	–	–	–	–	107	–	107
Non-current assets classified as held for sale	–	–	–	–	769	–	769
Total assets	60	11 937	481	–	1 853	–	14 331

	2013						
	At fair value through profit and loss	Loans and receivables	Avaliable-for-sale	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Equity	Total
Equity and liabilities							
Liabilities							
Bank overdrafts	–	–	–	71	–	–	71
Tax payables	–	–	–	–	2	–	2
Trade and other payables	–	–	–	282	79	–	361
Provisions	–	–	–	27	—	–	27
Interest-bearing liabilities	–	–	–	9 601	—	–	9 601
Deferred tax liabilities	–	–	–	–	194	–	194
Liabilities directly associated with non-current assets classified as held for sale	–	–	–	–	180	–	180
Total Liabilities	–	–	–	9 981	455	–	10 436
	–	–	–				
Equity	–	–	–				
Ordinary share capital	–	–	–	–	–	1 779	1 779
Other reserves	–	–	–	–	–	385	385
Retained earnings	–	–	–	–	–	1 551	1 551
Equity attributable to ordinary equity holders of the parent	–	–	–	–	–	3 715	3 715
Non-controlling interests	–	–	–	–	–	180	180
Total equity	–	–	–	–	–	3 895	3 895
Total equity and liabilities	–	–	–	9 981	455	3 895	14 331

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.10 STATEMENT OF COMPREHENSIVE INCOME CATEGORIES continued

	2014							
	Statement of comprehensive income							
	At fair value through profit or loss							
	Designated	Held for trading	Loans and receivables	Held to maturity	Available-for-sale	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Total
Interest income	–	–	1 413	–	–	–	–	1 413
Interest expense	–	–	–	–	–	(599)	–	(599)
Fee income arising from financial assets measured at amortised cost or financial liabilities that are not at fair value through profit or loss – these are fees linked to financial instruments but are not recorded as part of interest.	–	–	130	–	–	–	114	244
Fee expense arising from financial assets measured at amortised cost or financial liabilities that are not at fair value through profit or loss – these are fees linked to financial instruments but are not recorded as part of interest.	–	–	–	–	–	(8)	–	(8)
Dividend income	–	–	–	–	132	–	–	132
Net impairments on loans and advances	–	–	(322)	–	–	–	–	(322)
Net movements in financial instruments held at fair value	–	–	–	–	(48)	–	–	(48)
	–	–	1 221	–	84	(607)		812

	2013							
	Statement of comprehensive income							
	At fair value through profit or loss							
	Designated	Held for trading	Loans and receivables	Held to maturity	Available-for-sale	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Total
Interest income	–	–	1 225	–	–	–	–	1 225
Interest expense	–	–	(24)	–	–	(515)	–	(539)
Fee income arising from financial assets measured at amortised cost or financial liabilities that are not at fair value through profit or loss – these are fees linked to financial instruments but are not recorded as part of interest.	–	–	146	–	–	–	114	260
Fee expense arising from financial assets measured at amortised cost or financial liabilities that are not at fair value through profit or loss – these are fees linked to financial instruments but are not recorded as part of interest.	–	–	–	–	–	(6)	–	(6)
Dividend income	–	–	–	–	67	–	–	67
Net impairments on loans and advances	–	–	(283)	–	–	–	–	(283)
Net movements in financial instruments held at fair value through profit and loss	–	7	–	–	–	–	–	7
	–	7	1 064	–	67	(521)	114	731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.11 LEVEL DISCLOSURES

	2014			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	–	54	–	54
Available for sale financial assets				
Available-for-sale financial investment	–	–	238	238
Total	–	54	238	292

	2013			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	–	60	–	60
Available for sale financial assets				
Available-for-sale financial investment	–	–	481	481
Total	–	60	481	541

Reconciliation of Level 3 fair value measurements of financial assets

		2014		
		Fair value through profit or loss	Available for sale	Total
Opening balance		–	431	431
Disposal of subsidiary companies	In profit from discontinued operations	–	(305)	(305)
	In other comprehensive income	–	(48)	(48)
Closing balance of fair value measurement		–	78	78
Cost		–	160	160
Closing balance of available-for-sale financial instrument		–	238	238

Reconciliation of Level 3 fair value movements of financial assets

		2013		
		Fair value through profit or loss	Available for sale	Total
Opening balance		–	316	316
Total gains or losses	In profit or loss	–	–	–
	In other comprehensive income	–	115	115
Closing balance		–	431	431
Cost		–	50	50
Closing balance of available-for-sale financial instrument		–	481	481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 September

32. FINANCIAL RISK MANAGEMENT continued

32.11 LEVEL DISCLOSURES continued

Sensitivity analysis of valuations using unobservable inputs

As part of the group's risk management processes, stress tests are applied on the significant unobservable parameters to generate a range of potentially possible alternative valuations. The financial instruments that most impact this sensitivity analysis are those with the more illiquid and/or structured portfolios. The stresses are applied independently and do not take account of any cross correlation between separate asset classes that would reduce the overall effect on the valuations. A significant parameter has been deemed to be one which may result in a change in the fair value asset or liability of more than 10%. This is demonstrated by the following sensitivity analysis which includes reasonable range of possible outcomes:

Group

Movement in fair value given the 10% change in significant assumptions:

	2014		2013	
Significant unobservable input and description of assumption	**10% Favourable**	**10% Unfavourable**	**10% Favourable**	**10% Unfavourable**
Premium per policy: average insurance premium per policy in a year.	**8**	**(8)**	8	(8)
Gross loss ratio: Reported claims (excluding the movement in the claims that are incurred but not yet reported reserve) expressed as a percentage of gross written premium in a year.	**35**	**(35)**	30	(30)
Mid – term insurance cancellations: Number of policies cancelled during a year expressed as a percentage of total policies insured at the beginning of a year.	**5**	**(5)**	3	(3)
Discount rate: The rate used to discount projected future cash flows to present value.	**8**	**(7)**	7	(7)
Total	**56**	**(56)**	48	(47)

	2014 Rm	2013 Rm
33. RELATED PARTIES		
33.1 Blend Properties 17 Proprietary Limited (Blend) owns properties occupied by certain group subsidiaries. JM Jawno, MP Mendelowitz and R Rossi, who are directors of the company, are directors of Blend. Their family trusts each own 17.15% (2012: 17.03%) of the issued share capital of Blend (51.09% in aggregate).		
Transactions during the year		
Rent paid	**28**	44
33.2 LOAN TO KEY MANAGEMENT		
TC Treasury Proprietary Limited, a wholly owned subsidiary of Transaction Capital Limited has a loan receivable with Terry Kier, the chief executive officer of SA Taxi.	**4**	4

34. SUBSEQUENT EVENTS

No material events took place subsequent to year-end

COMPANY STATEMENT OF FINANCIAL POSITION

at 30 September

	Note	2014 Rm	2013 Rm
ASSETS			
Cash and cash equivalents	1	**1 048**	32
Trade and other receivables	2	**–**	4
Investment in subsidiaries	3	**2 010**	3 094
Deferred tax assets	4	**–**	5
Total assets		**3 058**	3 135
LIABILITIES			
Tax payables		**1**	–
Trade and other payables	5	**6**	6
Interest-bearing liabilities	6	**924**	922
Total liabilities		**931**	928
EQUITY			
Ordinary share capital	7	**498**	1 779
Retained earnings		**1 615**	428
Share based payment reserve		**14**	–
Total equity		**2 127**	2 207
Total equity and liabilities		**3 058**	3 135

COMPANY INCOME STATEMENT

for the year ended 30 September

	Note	2014 Rm	2013 Rm
Interest and other similar income	8	**143**	74
Interest and other similar expense	8	**(104)**	(64)
Net interest income	8	**39**	10
Non-interest revenue	9	**1 269**	133
Total operating costs	10	**(3)**	(4)
Profit before tax		**1 305**	139
Income tax expense	11	**(14)**	(5)
Profit for the year		**1 291**	134

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September

	2014 Rm	2013 Rm
Profit for the year	**1 291**	134
Other comprehensive income	**–**	–
Total comprehensive income for the year	**1 291**	134

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September

	Number of ordinary shares million	Share capital Rm	Share based payment reserve Rm	Retained earnings Rm	Total equity Rm
Balance at 30 September 2012	584	1 792	–	399	2 191
Total comprehensive income	–	–	–	134	134
Profit for the year	–	–	–	134	134
Dividends paid	–	–	–	(105)	(105)
Repurchase of shares	(1)	(13)	–	–	(13)
Balance at 30 September 2013	583	1 779	–	428	2 207
Total comprehensive income	**–**	**–**	**–**	**1 291**	**1 291**
Profit for the year	**–**	**–**	**–**	**1 291**	**1 291**
Share appreciation rights – IFRS 2 investment in subsidiaries*	**–**	**–**	**14**	**–**	**14**
Dividends paid	**–**	**–**	**–**	**(104)**	**(104)**
Capital distribution**	**–**	**(1 209)**	**–**	**–**	**(1 209)**
Repurchase of shares	**(10)**	**(72)**	**–**	**–**	**(72)**
Balance at 30 September 2014	**573**	**498**	**14**	**1 615**	**2 127**

* *The group operates a share appreciation rights plan for executives and senior employees of the company and its subsidiaries, refer to note 26 in the group financial statements. The cumulative charge of R14 million was capitalised to the relevant investments in subsidiaries.*

** *A capital distribution of 210 cents per share was paid to shareholders on 17 March 2014.*

COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 September

	Note	2014 Rm	2013 Rm
Cash flow from operating activities			
Cash generated by operations	12	45	12
Income taxes paid	13	(8)	–
Dividends received		76	120
Dividends paid	14	(104)	(105)
Cash flow from operating activities before changes in operating assets and liabilities		9	27
Decrease/(increase) in working capital		6	(14)
Trade and other receivables		4	(3)
Trade and other payables		2	(11)
Net cash generated by operating activities		15	13
Cash flow from investing activities			
Additional investment in subsidiaries		(298)	–
Net decrease/(increase) in inter-company loans		302	(444)
Proceeds on disposal of investments		2 264	–
Net cash generated/(utilised) by investing activities		2 268	(444)
Cash flow from financing activities			
Capital distribution		(1 209)	–
Repurchase of shares		(72)	(13)
Net proceeds from raising of interest-bearing liabilities		–	473
Movement in share appreciation rights reserve		14	–
Net cash (utilised)/raised by financing activities		(1 267)	460
Net increase in cash and cash equivalents		1 016	29
Cash and cash equivalents at beginning of the year		32	3
Cash and cash equivalents at end of year		1 048	32

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 30 September

	2014 Rm	2013 Rm
1. CASH AND CASH EQUIVALENTS		
Bank balances	979	–
Call deposits	69	32
Total cash and cash equivalents	1 048	32
Total overdraft facilities	90	140
2. TRADE AND OTHER RECEIVABLES		
Prepayments	–	4
Total trade and other receivables	–	4
3. INVESTMENT IN SUBSIDIARIES		
Shares at carrying value*	741	1 527
Amounts receivable	1 269	1 567
Long-term**	–	1 504
Current**	1 269	67
Impairment	–	(4)
Total investment	2 010	3 094
Allowance for impairment* **		
Balance at the beginning of the year	(4)	(11)
Reversal of impairments in income statement	4	7
Total impairment	–	(4)

Refer to note 16 for a schedule of subsidiaries.
The carrying value of amounts receivable approximates fair value.

* *Transaction Capital Limited disposed of its 100% interest in Paycorp on 1 November 2013 and its 82.65% interest in Bayport Financial Services 2010 Proprietary Limited on 31 December 2013. Refer to note 24.4 in the group financial statements for further detail in this regard.*

** *These are unsecured loans with agreed interest terms which are repayable on demand.*

*** *The allowance for impairment was previously recognised against the amount receivable from TC Treasury Proprietary Limited, a subsidiary. TC Treasury Proprietary Limited returned to profitability in the current year and the allowance for impairment is no longer deemed necessary.*

	2014 Rm	2013 Rm
4. DEFERRED TAX		
Deferred tax is presented on the balance sheet as follows:		
Deferred tax assets	–	5
Net deferred tax assets	–	5
The movements during the year are analysed as follows:		
Net deferred tax assets at the beginning of the year	5	10
Charge to profit or loss for the year	(5)	(5)
Net deferred tax assets at the end of the year	–	5

	Opening balance Rm	Charged to income Rm	Closing balance Rm
2014			
Temporary difference			
Assessed loss unutilised	5	(5)	–
2013			
Temporary difference			
Assessed loss unutilised	10	(5)	5

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 September

	2014 Rm	2013 Rm
5. TRADE AND OTHER PAYABLES		
Trade payables and accruals	–	1
Other	6	5
Trade and other payables	6	6
The carrying value of trade and other payables approximates fair value.		
6. INTEREST-BEARING LIABILITIES		
Loans	924	922
	924	922
Payable within 12 months	150	–
Payable thereafter	774	922
	924	922

	Type of loan	Description	Date issued	Interest rate	Maturity date	Currency	Fair value	Carrying value
2014								
Loans	Subordinated	Bullet	2008/05/29	Three month JIBAR + 3.00%	2015/05/29	ZAR	50	50
	Subordinated	Bullet	2010/01/29	Three month JIBAR + 5.50%	2015/05/29	ZAR	101	100
	Subordinated	Bullet	2011/07/01	13.10%	2016/07/01	ZAR	76	74
	Subordinated	Bullet	2011/07/01	12.30%	2016/07/01	ZAR	78	77
	Subordinated	Bullet	2010/10/15	Three month JIBAR + 5.00%	2017/11/30	ZAR	152	150
	Subordinated	Bullet	2013/07/16	Three month JIBAR + 4.75%	2018/07/16	ZAR	251	250
	Subordinated	Bullet	2013/07/05	Three month JIBAR + 4.50%	2018/07/05	ZAR	156	153
	Subordinated	Bullet	2013/07/05	11.62%	2018/07/05	ZAR	48	50
	Subordinated	Bullet	2013/08/14	Three month JIBAR + 4.50%	2018/08/14	ZAR	20	20
							932	924
2013								
Loans	Subordinated	Bullet	2008/05/29	Three month JIBAR + 3.00%	2015/05/29	ZAR	49	50
	Subordinated	Bullet	2010/01/29	Three month JIBAR + 5.50%	2015/05/29	ZAR	101	100
	Subordinated	Bullet	2011/07/01	13.10%	2016/07/01	ZAR	79	73
	Subordinated	Bullet	2011/07/01	12.30%	2016/07/01	ZAR	79	77
	Subordinated	Bullet	2010/10/15	Three month JIBAR + 5.00%	2017/11/30	ZAR	151	150
	Subordinated	Bullet	2013/07/16	Three month JIBAR + 4.75%	2018/07/16	ZAR	250	250
	Subordinated	Bullet	2013/07/05	Three month JIBAR + 4.50%	2018/07/05	ZAR	155	152
	Subordinated	Bullet	2013/07/05	11.62%	2018/07/05	ZAR	50	50
	Subordinated	Bullet	2013/08/14	Three month JIBAR + 4.50%	2018/08/14	ZAR	20	20
							934	922

The company's exposure to interest rate risk is similar to that of the group, refer to note 32.2 in the group financial statements.

The effect of a 1% change in interest rates is a net exposure of R16 million. As the company has no control over rate movements, it cannot predict the effect of future rate movements, if any.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 September

	2014 Rm	2013 Rm
7. ORDINARY SHARE CAPITAL		
Authorised		
1 000 000 000 ordinary shares		
Issued		
572 272 130 (2013: 582 581 177) ordinary shares		
Ordinary share capital	**498**	1 779
Ordinary share capital	**498**	1 779
PREFERENCE SHARE CAPITAL		
No par value shares		
Authorised		
10 000 000 cumulative, non-participating, non-convertible preference shares*		
Issued		
Nil (2013: Nil) preference shares		
* *Created by a special resolution passed on 14 January 2013.*		
8. INTEREST		
Interest and other similar income is earned from:		
Cash and cash equivalents	**26**	3
Intergroup interest	**117**	71
Interest and other similar income	**143**	74
Interest and other similar expenses are paid on:		
Bank overdrafts	**(3)**	(3)
Interest-bearing liabilities	**(101)**	(61)
Interest and other similar expense	**(104)**	(64)
Interest and other similar income	**143**	74
Interest and other similar expense	**(104)**	(64)
Net interest income	**39**	10
9. NON-INTEREST REVENUE		
Non-interest revenue comprises:		
Fee income	**13**	13
Management fees	**13**	13
Investment income	**76**	120
Dividends received – Subsidiaries	**72**	120
Dividends received – Paycorp	**4**	–
Profit on disposal of investments	**1 180**	–
Total non-interest revenue	**1 269**	133

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 September

	2014 Rm	2013 Rm
10. TOTAL OPERATING COSTS		
Indirect costs comprise:		
Bank charges	(1)	(1)
Impairment of loans receivable – reversed	4	7
Audit fees	> (1)	(1)
Audit fees – current year	> (1)	> (1)
Audit fees – prior periods	–	> (1)
Other fees	–	> (1)
Legal fees	(1)	(3)
Directors' emoluments	(4)	(5)
Other	(1)	(1)
Total operating costs	(3)	(4)
11. INCOME TAX EXPENSE		
South African normal taxation:		
Current taxation	(8)	–
Current year	(8)	–
Deferred taxation	(5)	(5)
Current year	(5)	(5)
Securities transfer tax	(1)	–
Total income tax expense	(14)	(5)
Tax rate reconciliation		
South African tax rate	28.0%	28.0%
Tax effects of:		
Income not subject to tax – dividends	(1.6%)	(24.1%)
Other non-taxable income	(25.4%)	(1.4%)
Expenses not deductible for tax purposes	0.1%	0.7%
Effective tax rate	1.1%	3.2%
12. CASH GENERATED BY OPERATIONS		
Profit before taxation	1 305	139
Adjusted for:		
Investment income	(76)	(120)
Profit on disposal of unlisted investment	(1 180)	–
Movement in provisions	(4)	(7)
Cash generated by operations	45	12
13. INCOME TAXES PAID		
Amounts payable at beginning of year	–	–
Charged in income statement excluding deferred taxation	(14)	(5)
Deferred taxation	5	5
Amounts payable at end of year	1	–
Income taxes paid	(8)	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 September

		2014 Rm	2013 Rm
14.	**DIVIDENDS PAID TO ORDINARY SHAREHOLDERS**		
	Ordinary dividends for the year	**(104)**	(105)
	Dividends paid	**(104)**	(105)

A final dividend of 12 (2012: 9) cents per share was declared on 26 November 2013 and paid on 23 December 2013.

An interim dividend of 6 (2013: 9) cents per share was declared on 6 May 2014 and paid on 9 June 2014.

A final dividend of 10 (2013: 12) cents per share was declared on 25 November 2014 for payment on or about 22 December 2014.

Refer to the directors' report for additional information.

15. RELATED PARTIES

15.1 SUBSIDIARIES

Details of share ownership and loan balances are disclosed in note 16.

	2014 Rm	2013 Rm
The following income was received from subsidiaries:		
Interest		
TC Treasury Proprietary Limited	**109**	62
Ellehove Investments Proprietary Limited	**8**	9
Fees		
TC Corporate Support Proprietary Limited	**13**	13

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 September

	Nature of business and status	Issued share capital		Effective percentage held		Investment (at cost less impairments)		Loans at cost net of impairment	
		2014 Rm	2013 Rm	2014 %	2013 %	2014 Rm	2013 Rm	2014 Rm	2013 Rm
16. SUBSIDIARIES									
Transaction Capital Limited	T								
Asset-backed Lending									
Rand Trust Financiers Proprietary Limited	*/T	<1	<1	100.0	100.0	45	44	–	–
Dubrovnik Properties Proprietary Limited	D	<1	<1	100.0	100.0				
Rand Trust Securitisation Proprietary Limited	D	<1	<1	100.0	100.0				
SA Taxi Finance Holdings Proprietary Limited	*/T	<1	<1	100.0	100.0	384	128	–	20
SA Taxi Development Finance Proprietary Limited	T	<1	<1	100.0	100.0				
Taximart Proprietary Limited	T	<1	<1	100.0	100.0				
SA Taxi Securitisation Proprietary Limited	# T	<1	<1	100.0	100.0				
SA Taxi Finance Solutions Proprietary Limited	#/T	<1	<1	100.0	100.0				
SA Taxi Risk Management Services Proprietary Limited	T	<1	<1	100.0	100.0				
Bompass Collections Proprietary Limited	D	<1	<1	100.0	100.0				
SA Taxi Finance Insurance Brokers Proprietary Limited	D	<1	<1	100.0	100.0				
Potpale Proprietary Limited	#/T	<1	<1	100.0	100.0				
SA Bakkie Finance Proprietary Limited	D	<1	<1	100.0	100.0				
Transsec (RF) Limited	#/T	<1	–	100.0	–	32	–		
Unsecured Lending									
Bayport Financial Services 2010 Proprietary Limited	T	–	<1	–	82.7	–	653	–	–
Bayport Securitisation Proprietary Limited	T	–	<1	–	100.0				
M Stores Proprietary Limited	T	–	<1	–	95.0				
Baymobile Proprietary Limited	T	–	<1	–	100.0				
Zenthyme Investments Proprietary Limited	T	–	<1	–	82.7	–	<1	–	–
Payment Services									
Paycorp Holdings Proprietary Limited	T	–	<1	–	100.0	–	431	–	–
ATM Solutions Proprietary Limited	T	–	<1	–	100.0				
ATM Solutions Mauritius Limited	D	–	<1	–	100.0				
ATM Solutions (Namibia) Proprietary Limited	T	–	<1	–	100.0				
DrawCard Proprietary Limited	T	–	<1	–	90.0				
EFTPOS Proprietary Limited	T	–	<1	–	100.0				
Reload Card Proprietary Limited	D	–	<1	–	100.0				
ATM Securitisation Ownership Trust	T	–	<1	–	100.0				
ATM Solutions Group Securitisation Proprietary Limited	T	–	<1	–	100.0			–	67
ATM Solutions Zambia Limited 2012	T	–	<1	–	80.0				

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 September

16. SUBSIDIARIES continued

	Nature of business and status	Issued share capital 2014 Rm	Issued share capital 2013 Rm	Effective percentage held 2014 %	Effective percentage held 2013 %	Investment (at cost less impairments) 2014 Rm	Investment (at cost less impairments) 2013 Rm	Loans at cost net of impairment 2014 Rm	Loans at cost net of impairment 2013 Rm
Credit Services									
MBD Credit Solutions Holdings Proprietary Limited	*/T	<1	<1	100.0	100.0	146	143	–	–
Asset Solutions Company Proprietary Limited	D	<1	<1	100.0	100.0				
CMS Capital Proprietary Limited	^	<1	<1	100.0	100.0				
Capital Data Asset Recovery Management Proprietary Limited	T	<1	<1	100.0	100.0				
MBD Credit Solutions Proprietary Limited	T	<1	<1	100.0	100.0				
Collection and Financial Services Proprietary Limited	D	<1	<1	100.0	100.0				
MBD Legal Collections Proprietary Limited	T	<1	<1	100.0	100.0				
Credit Health Proprietary Limited	T	<1	<1	100.0	100.0				
Origin Eight Financial Services Proprietary Limited	T	<1	<1	100.0	100.0				
BDB Data Bureau Proprietary Limited	T	<1	<1	100.0	100.0				
Capital Debt Recovery Proprietary Limited Botswana	T	<1	<1	100.0	100.0				
MBD Asset Solutions Proprietary Limited	^	<1	<1	100.0	100.0				
Mortgage Capital Proprietary Limited	D	<1	<1	100.0	100.0				
Specialised Mortgage Capital Proprietary Limited	T	<1	<1	100.0	100.0				
Company Unique Finance Proprietary Limited	T	<1	<1	100.0	100.0				
Afribrokers Proprietary Limited	T	<1	<1	100.0	100.0				
Specialised Mortgage Capital Warehouse Proprietary Limited	#/^	<1	<1	100.0	100.0				
Principa Decisions Proprietary Limited	*/T	<1	<1	100.0	100.0	36	35	–	–
Corporate Support									
TC Corporate Support Proprietary Limited	*/T	<1	<1	100.0	100.0	5	–		
TC Treasury Proprietary Limited	*/T	<1	<1	100.0	100.0			1 209	1 425
Nisela Investments Proprietary Limited	*/T	<1	<1	100.0	100.0	89	89		
Bayport Financial Services Proprietary Limited	*/D	<1	<1	100.0	100.0	4	4	–	–
TC Executive Holdings Proprietary Limited	*/D	<1	<1	100.0	100.0				
Transaction Capital Business Partners Proprietary Limited	*/T	<1	<1	100.0	100.0				
Red Sky Finance Proprietary Limited	*/D	<1	<1	100.0	100.0				
Ellehove Investments Proprietary Limited	T	<1	<1	100.0	100.0			60	59
						741	1 527	1 269	1 571

** Directly held.*
 # Consolidated special purpose entity.
T Trading company.
D Dormant company.
^ Deregistered/ In the process of being deregistered.
Amounts less than R500 000 are reflected a "<1".

FORMULAE AND DEFINITIONS

ITEMS	DEFINITIONS
AVERAGE EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	Sum of equity attributable to ordinary equity holders of the parent at the end of each month from September to September divided by 13
AVERAGE GROSS LOANS AND ADVANCES	Sum of gross loans and advances at the end of each month from September to September divided by 13
AVERAGE INTEREST-BEARING LIABILITIES	Sum of interest-bearing liabilities at the end of each month from September to September divided by 13
AVERAGE TANGIBLE ASSETS	Sum of tangible assets at the end of each month from September to September divided by 13. Tangible assets exclude investments fair valued through equity for accounting purposes
AVERAGE TANGIBLE EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	Sum of equity attributable to ordinary equity holders of the parent less goodwill, intangible assets and fair value movements through equity relating to investments at the end of each month from September to September divided by 13
AVERAGE TOTAL ASSETS	Sum of total assets at the end of each month from September to September divided by 13
AVERAGE COST OF BORROWING	Interest expense expressed as a percentage of average interest-bearing liabilities
CAPITAL ADEQUACY RATIO	Total equity plus subordinated debt capital less goodwill expressed as a percentage of total assets less goodwill and cash and cash equivalents
COST-TO-INCOME RATIO	Total operating costs expressed as a percentage of net interest income plus non-interest revenue
CREDIT LOSS RATIO	Impairment of loans and advances expressed as a percentage of average gross loans and advances
EBITDA	Profit before net interest income, tax, depreciation and amortisation of intangible assets (specifically excluding amortisation of purchased book debts) for risk services only
EFFECTIVE TAX RATE	Income tax expense expressed as a percentage of profit before tax
ENTRY-LEVEL VEHICLES	Vehicles brands: CAM, CMC, Jinbei, King Long, Polar Sun, Foton, Force Traveller, Peugeot
GEARING	Total assets divided by equity attributable to ordinary equity holders of the parent expressed in times
GROSS LOANS AND ADVANCES	Gross loans and advances specifically exclude the value of the written-off book brought back on to the balance sheet
HEADLINE EARNINGS	Headline earnings is defined and calculated as per the guidance issued by South African Institute of Chartered Accountants (SAICA) in Circular 2/2013 of December 2013, currently being basic earnings attributable to ordinary shareholders adjusted for goodwill impairments, capital profits and losses and other non-headline items
HEADLINE EARNINGS FROM CONTINUING OPERATIONS	Headline earnings adjusted for non-headline items arising from discontinued operations as defined in SAICA Circular 2/2013
HEADLINE EARNINGS PER SHARE	Headline earnings divided by weighted average number of ordinary shares in issue
HEADLINE EARNINGS PER SHARE FROM CONTINUING OPERATIONS	Headline earnings from continuing operations divided by weighted average number of ordinary shares in issue

FORMULAE AND DEFINITIONS continued

ITEMS	DEFINITIONS
NET ASSET VALUE PER SHARE	Equity attributable to ordinary equity holders of the parent divided by number of ordinary shares in issue
NET INTEREST MARGIN	Net interest income as a percentage of average gross loans and advances
NON-PERFORMING LOAN COVERAGE	Impairment provision expressed as a percentage of non-performing loans
NON-PERFORMING LOAN RATIO	Non-performing loans expressed as a percentage of gross loans and advances
NON-PERFORMING LOANS – "REVISED"	(a) the balance outstanding of loans and advances with a contractual delinquency greater than three months including repossessed stock on hand (b) reduced by the balance of such outstanding loans and advances for which three cumulative qualifying payments have been received in the three month period preceding the measurement date
NON-PERFORMING LOANS – "ORIGINAL"	(a) the balance outstanding of loans and advances with a contractual delinquency greater than three months including repossessed stock on hand (b) reduced by the balance of such outstanding loans and advances for which three consecutive payments have been received in the three month period preceding the measurement date
NORMALISED HEADLINE EARNINGS	Headline earnings adjusted for non-headline items arising from discontinued operations as defined in SAICA Circular 2/2013 and the cost of listing equity and debt instruments on an exchange
NORMALISED HEADLINE EARNINGS PER SHARE	Normalised headline earnings divided by weighted average number of ordinary shares in issue
PREMIUM VEHICLES	Non-entry level vehicles
PROVISION COVERAGE	Impairment provision expressed as a percentage of gross loans and advances
RETURN ON AVERAGE ASSETS	Profit for the year expressed as a percentage of average total assets
RETURN ON AVERAGE TANGIBLE ASSETS	Profit for the year expressed as a percentage of average tangible assets
RETURN ON AVERAGE EQUITY	Profit for the year attributable to ordinary equity holders of the parent expressed as a percentage of average equity attributable to ordinary equity holders of the parent
RETURN ON AVERAGE TANGIBLE EQUITY	Profit for the year attributable to ordinary equity holders of the parent expressed as a percentage of average tangible equity attributable to ordinary equity holders of the parent
RETURN ON SALES	Profit for the year expressed as a percentage of interest income plus non-interest revenue
STRUCTURALLY SUBORDINATED DEBT	Senior debt issued by a holding company within the group
SUBORDINATED DEBT	Debt subordinated by agreement with the lender plus structurally subordinated debt
TANGIBLE ASSETS	Total assets less goodwill and other intangible assets
TANGIBLE NET ASSET VALUE PER SHARE	Equity attributable to ordinary equity holders of the parent less goodwill and other intangible assets divided by number of ordinary shares in issue
TOTAL INCOME	Interest and other similar income plus non-interest revenue
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES IN ISSUE	The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the year during which they have participated in the income of the group excluding treasury shares

ADMINISTRATION

Share code: TCP
ISIN: ZAE000167391
JSE Limited sector: Financial Services
Listing date: 7 June 2012
Year end: 30 September
Company registration number: 2002/031730/06
Country of incorporation: South Africa

DIRECTORS

EXECUTIVE

David Hurwitz (chief executive officer)
Mark Herskovits (chief financial officer)
Jonathan Jawno (executive director)
Michael Mendelowitz (executive director)

INDEPENDENT NON-EXECUTIVE

Christopher Seabrooke (chairman)
Phumzile Langeni
Dumisani Tabata
David Woollam
Shaun Zagnoev

NON-EXECUTIVE

Roberto Rossi

COMPANY SECRETARY AND REGISTERED OFFICE

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Sandton, 2199
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SPONSOR

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