YEBOYETHU

Now more than ever, it's your Vodacom

ANNUAL financial statements 2014

2014 HIGHLIGHTS

R135.9million

NET PROFIT

SPEED
simplicity
((TRUST))

DOING IT SMARTER

R147.2million
GAIN ON REMEASUREMENT OF FINANCIAL INSTRUMENT

Contents

R19.4million

DIVIDEND RECEIVED FROM VODACOM (PROPRIETARY) LIMITED

74cents

ORDINARY DIVIDEND PER SHARE

56cents

SPECIAL DIVIDEND PER SHARE

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YeboYethu Limited
Registration number 2008/014734/06

Directors' statement of responsibility

for the year ended 31 March 2014

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of YeboYethu Limited ("the company").

The annual financial statements have been audited by the independent auditors Deloitte & Touche which was given unrestricted access to all financial records and related data, including minutes of meetings of shareholders, the board and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The report of the auditors is presented on the next page.

The annual financial statements for the year ended 31 March 2014 presented on pages 6 to 32 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Financial Reporting Guidelines as issued by the South African Institute of Chartered Accountants ("SAICA") Accounting Practices Committee and the requirements of the Companies Act, No. 71 of 2008, as amended. They are based on appropriate accounting policies which have been consistently applied, and which are supported by reasonable and prudent judgements, including judgements involving estimations. The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The directors are also responsible for the company's system of internal controls. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets. These controls are monitored throughout the company by management and employees with the necessary segregation of authority and duties. Processes are in place to monitor internal controls, to identify material breakdowns and implement timely corrective action.

The annual financial statements were approved by the board of directors on 14 May 2014 and are signed on its behalf:

ZBM Bassa
Chairperson

CT Ralebitso
Director

Certificate by the Company Secretary

In terms of section 88(2)(e) of the Companies Act, No. 71 of 2008, as amended, I certify that, to the best of my knowledge and belief, YeboYethu Limited has lodged with the Companies and Intellectual Property Commission ("CIPC") for the financial year ended 31 March 2014, all such returns and notices as are required of a public company and that all such returns and notices appear to be true, correct and up to date.

LC Mogoane
Company Secretary

14 May 2014

Independent auditors' report on the annual financial statements

To the members of YeboYethu Limited

We have audited the annual financial statements of YeboYethu Limited set out on pages 12 to 33, which comprise the statement of financial position as at 31 March 2014, the statement of comprehensive income, statement of changes in equity and 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 annual financial statements

The directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, No. 71 of 2008, as amended, and for such internal controls as the directors determine is necessary to enable the preparation of the annual financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual 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 company'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 annual 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 annual financial statements present fairly, in all material respects, the financial position of YeboYethu Limited as at 31 March 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 71 of 2008, as amended.

Other reports required by the Companies Act

As part of our audit of the annual financial statements for the year ended 31 March 2014, we have read the directors' report and the Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between the report and the audited annual financial statements. The report is the responsibility of the preparers. Based on reading the report we have not identified material inconsistencies between the report and the audited annual financial statements. However, we have not audited the report and accordingly do not express an opinion on the report.

Deloitte & Touche

Deloitte & Touche

Registered Auditors

Per: **B Greyling**

Partner

14 May 2014

Directors' report

for the year ended 31 March 2014

The directors have the pleasure of presenting their report, which forms part of the audited annual financial statements, for the year ended 31 March 2014.

1. Nature of business

The company was incorporated on 19 June 2008 under the laws of the Republic of South Africa. The principal activities of the company are to:

(a) carry on business of holding Vodacom (Proprietary) Limited ("Vodacom SA") ordinary shares and "A" ordinary shares, cash and such assets as are received and acquired solely by virtue of or in relation to the holding of Vodacom SA ordinary shares and "A" ordinary shares;

(b) receive and distribute dividends and other distributions in terms of its holding in Vodacom SA; and

(c) to acquire and hold interests in Vodacom Group Limited ("Vodacom Group") and its subsidiaries and associated companies, for the benefit of shareholders.

2. Financial results

Net profit for the year was R135.9 million (2013: R72.3 million, 2012: R122.0 million).

This was mainly attributable to the increase in the Vodacom SA option asset. The reasons for the increase in value relate to data acceleration, strength in enterprise, differentiation based on network and customer experience as well as multi-year cost-efficiency programmes in Vodacom SA.

Full details on the performance and financial position of the company are set out in these annual financial statements and notes thereto.

3. Dividend

3.1 Dividend distribution

An ordinary dividend of 74 (seventy-four) cents (2013: 74 (seventy-four) cents, 2012: 74 (seventy-four) cents) per ordinary share and a special dividend of 56 (fifty-six) cents (2013: 66 (sixty-six) cents, 2012: nil cents) per ordinary share was proposed and approved by the board of directors.

	2014 R000	2013 R000	2012 R000
Final dividend declared 14 May 2014 and payable on 13 June 2014	**18 714**	–	–
Final dividend declared 3 May 2013 and paid on 14 June 2013	**–**	20 154	–
Final dividend declared 31 March 2012 and paid on 30 April 2012	**–**	–	10 655

In 2014 the shareholders are subject to dividend withholding tax of 15% on the total dividend paid.

In 2013, the company had a secondary taxation credit ("STC") available. In terms of section 64J(1) of the Income Tax Act, dividends taxation is payable on the excess of the dividends paid after the utilisation of the STC credit available in the company.

Section 64J(3) of the Income Tax Act specifies that the STC credit is utilised in the same ratio that bears to the dividends paid to each shareholder.

The STC credit per share available as at 31 March 2013 had been calculated at 77.13 cents (i.e. STC credit amounting to R11 104 316 divided by total number of shares of 14 395 700). Accordingly, the shareholder was only subject to dividend withholding tax of 15% on 62.87 cents on the total dividend declared of R1.40 per share (i.e. R1.40 less 77.13 cents STC).

3. Dividend (continued)

3.2 Dividend policy

The company has a policy to pay so much of its after taxation profits as will be available after retaining such sums and repaying such debts owing to third parties as shall be necessary to meet the required costs reflected in the budget, as a final dividend each year.

4. Share capital and ordinary share premium

The share capital and ordinary share premium were amended due to the repurchase of the company's ordinary shares and as described below.

Special resolution number 2 (two) passed at the fourth Annual General Meeting ("AGM") held on 30 July 2012 and special resolution number 1 (one) passed at the third AGM held on 29 July 2011, respectively, granted the directors the authority to repurchase the company's ordinary shares from the estates of deceased shareholders should the estate of the deceased shareholders request the company to do so. The repurchase of shares in aggregate may not exceed 20 000 (twenty thousand) ordinary shares in a financial year.

The authority granted was valid until 31 July 2013.

During the 2014 financial year the company repurchased 400 (2013: 2 300, 2012: 1 500) ordinary shares for an amount of R44.07 (2013: R39.34, 2012: R31.69) per ordinary share, totalling R17 628.00 (2013: R90 482.00, 2012: R47 535.00).

The over-the-counter market for the trading of YeboYethu Limited ordinary shares went live effective 3 February 2014. Deceased shareholders' estates can now sell the YeboYethu ordinary shares on the over-the-counter market.

4.1 Shareholder analysis

The company's shareholder analysis as at 31 March 2014 was as follows:

Size of holdings	Number of shareholders	Percentage of shareholders	Number of shares owned	Percentage of shares
1 – 100 shares	90 191	92.48	8 977 158	92.48
101 – 1 000 shares	6 671	6.84	2 279 173	6.84
1 001 – 5 000 shares	588	0.60	1 107 093	0.60
5 001 – 10 000 shares	40	0.04	273 548	0.04
More than 10 000 shares	36	0.04	1 758 328	0.04
	97 526	**100**	**14 395 300**	**100**

4. Share capital and ordinary share premium (continued)

4.1 Shareholder analysis (continued)

The company's shareholder analysis as at 31 March 2014 was as follows:

Distribution of shareholders	Shareholder total	Percentage of shareholders	Share balance	Percentage holding
Individual	95 638	98.06	12 383 890	86.00
Unincorporated	1 139	1.17	307 807	2.00
Company	573	0.59	1 584 203	11.00
Trust	176	0.18	119 400	1.00
	97 526	**100**	**14 395 300**	**100.00**

Top 10 shareholders

Name of shareholder	Number of shares owned	Percentage holding
Metro Home Improvements (Proprietary) Limited	440 000	3.10
Royal Bafokeng Platinum Holdings (Proprietary) Limited	200 000	1.40
Firstshelf 25 (Proprietary) Limited	140 000	1.00
Ngonyama Capital (Proprietary) Limited	100 152	0.70
Vuyelwa Mashiatshidi	96 700	0.70
Corruseal Corrugated Gauteng (Proprietary) Limited	84 000	0.60
Newshelf 1221 (Proprietary) Limited	78 908	0.50
Soul City Broad-Based Empowerment (Proprietary) Limited	70 000	0.50
Epilica Investment	56 000	0.40
Ditikeni Investment Company (Proprietary) Limited	48 427	0.30

4. Share capital and ordinary share premium (continued)

4.1 Shareholder analysis (continued)

Share price performance	2014
Opening balance 3 February 2014	R50.00
Closing price 31 March 2014	R46.50
Closing high for the period (3 February 2014 to 31 March 2014)	R53.00
Closing low for the period (3 February 2014 to 31 March 2014)	R40.26
Number of shares in issue	14 395 300
Volume traded during the period (3 February 2014 to 31 March 2014)	642 950
Ratio of volume traded to shares issued (%) (3 February 2014 to 31 March 2014)	4.47%
Rand value of shares traded (3 February 2014 to 31 March 2014)	R31 056 850
Total deals (3 February 2014 to 31 March 2014)	7 105

5. Special resolutions

The following special resolutions were passed by the company during the year under review:

- Special resolution number one passed at the fifth annual general meeting held on 17 October 2013 approved the implementation of an over-the-counter trading platform in respect of trading shares by members of the Black Public in the share capital of the company. The reason for special resolution number one facilitates and enhances the ease of trading in YeboYethu ordinary shares by shareholders.
- Special resolution number two passed at the fifth annual general meeting held on 17 October 2013 approved the amendment of the memorandum of incorporation to change conversion date of the "N" shares held by ESOP, into ordinary shares of the company, from 8 October 2015 to 8 October 2018.

6. Other matters

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affected the financial position of the company at 31 March 2014 and the results of its operations and cash flows for the year ended.

7. Directors and secretary

Movements in the directorate during the year under review:

Distribution of shareholders	In office 31/03/2013	Resignations	Appointments	In office 31/03/2014
Directors	ZBM Bassa (Chairman)			ZBM Bassa (Chairman)
	D Konar			D Konar
	CT Ralebitso			CT Ralebitso
	SM Radebe			SM Radebe
	V Jarana			V Jarana
	A Hall			A Hall
Secretary	LC Mogoane			LC Mogoane

7. Directors and secretary (continued)

In terms of the company's memorandum of incorporation, Messrs SM Radebe and CT Ralebitso retire by rotation. All retiring directors are eligible and available for re-election at the AGM to be held on Monday 21 July 2014.

Their profiles appear on pages 8 and 9 (Board of Directors) of the annual report.

Interests of directors
As at 31 March 2014 there were no direct and beneficial interests held by the directors of the company to the ordinary shares in issue.

8. Address

Registered office:	Vodacom Corporate Park 082 Vodacom Boulevard Midrand 1685	**Postal address:**	Private Bag X9904 Sandton 2146

9. Auditors

Deloitte & Touche has been appointed as the auditors for the 2014, 2013 and 2012 financial years, respectively, in accordance with section 90(1) of the Companies Act, No. 71 of 2008, as amended.

PricewaterhouseCoopers Inc has been recommended by the directors for appointment as the auditors, for the 2015 financial year at the forthcoming annual general meeting.

10. Audit committee

The company, in line with section 94(7)(f) of the Companies Act, No. 71 of 2008, as amended ("the Act"), is required to have an audit committee.

The audit committee meets in terms of formal mandates and deals with all issues as prescribed by the Act.

The audit committee is satisfied that:

- all functions were performed as per the charter of the audit committee;
- the committee has satisfied itself that the external auditor of the company is independent as defined by the Act;
- the committee, in consultation with executive management, agreed to the audit fee for the 2014 financial year;
- all non-audit services performed by the external auditor were considered and approved by the committee;
- the committee has reviewed the performance of the external auditor; and
- the committee has nominated, for approval at the AGM, PricewaterhouseCoopers Inc as the external auditor for the 2015 financial year.

The committee has evaluated the annual financial statements for the year ended 31 March 2014 and considers that it complies, in all material aspects, with the requirements of the Act and International Financial Reporting Standards. The committee has therefore recommended the annual financial statements for approval to the board. The board has subsequently approved the annual financial statements.

11. Social and ethics committee

The company was incorporated as a special purpose vehicle as part of a broad-based black economic empowerment initiative and has no executive directors, employees, management members or customers. Although the Companies Act would normally require the company to appoint a social and ethics committee because it has a large number of shareholders, the board formed the view that given the special nature and extent of the company, it is not reasonably necessary in the public interest to require the company to have a social and ethics committee. The company submitted an application to the Companies Tribunal for an exemption from the requirement to appoint a social and ethics committee but this application was rejected on 27 May 2013. A fresh application was submitted to the Companies Tribunal on the basis of further information and new facts, such as the commencement of an over-the-counter ("OTC") trading facility governed by the conditions of exemption imposed by the Financial Services Board. Pending the outcome of the new application, the board will comply with the requirements of the Companies Act relating to a social and ethics committee.

Statement of comprehensive income

for the year ended 31 March 2014

	Notes	2014 R000	2013 R000	2012 R000
Income	3	**19 360**	25 102	15 200
Expenditure	4	**(3 719)**	(3 339)	(3 894)
Operating profit		**15 641**	21 763	11 306
Finance income	5	**744**	526	283
Finance cost	6	**(*)**	–	(1)
Gains on remeasurement of financial instrument	7	**147 177**	61 652	161 690
Profit before taxation		**163 562**	83 941	173 278
Taxation	8	**(27 654)**	(11 661)	(51 254)
Net profit		**135 908**	72 280	122 024
Comprehensive income		**135 908**	72 280	122 024

(*) Less than R500.

Statement of financial position

as at 31 March 2014

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	Notes	2014 R000	2013 R000	2012 R000
Assets				
Non-current assets		**1 145 691**	998 514	936 862
Financial assets	9	**1 145 691**	998 514	936 862
Current assets		**25 242**	26 162	14 766
Accounts receivable	10	**12 057**	25 875	6 841
Taxation receivable		**–**	179	186
Cash and cash equivalents	11	**13 185**	108	7 739
Total assets		**1 170 933**	1 024 676	951 628
Equity and liabilities				
Share capital	12	*****	*	*
Ordinary share premium	13	**359 883**	359 893	359 950
Retained earnings		**661 342**	545 133	472 771
Total equity		**1 021 225**	905 026	832 721
Non-current liability		**146 533**	119 087	107 573
Deferred taxation	8	**146 533**	119 087	107 573
Current liabilities		**3 175**	563	11 334
Accounts payable	14	**3 152**	563	679
Taxation payable		**23**	–	–
Dividends payable		**–**	–	10 655
Total equity and liabilities		**1 170 933**	1 024 676	951 628

(*) Less than R500.

Statement of changes in equity

for the year ended 31 March 2014

	Note	Share capital R000	Ordinary share premium R000	Retained earnings R000	Total equity R000
Balance at 31 March 2011		*	359 987	372 067	732 054
Net profit		–	–	122 024	122 024
Repurchase of shares	13	(*)	(37)	(10)	(47)
Dividends		–	–	(21 310)	(21 310)
Balance at 31 March 2012		*	359 950	472 771	832 721
Net profit		–	–	72 280	72 280
Repurchase of shares	13	(*)	(57)	(33)	(90)
Net dividends		–	–	115	115
Balance at 31 March 2013		*****	**359 893**	**545 133**	**905 026**
Net profit		**–**	**–**	**135 908**	**135 908**
Repurchase of shares	13	**(*)**	**(10)**	**(8)**	**(18)**
Net dividends		**–**	**–**	**(19 691)**	**(19 691)**
Balance at 31 March 2014		*****	**359 883**	**661 342**	**1 021 225**

**Less than R500.*

Statement of cash flows

for the year ended 31 March 2014

	Notes	2014 R000	2013 R000	2012 R000
Cash generated from operations	**15**	**18 240**	21 647	11 668
Taxation paid		**(6)**	(140)	(80)
Dividends paid		**(19 691)**	(10 540)	(10 655)
Net cash flows (utilised in)/generated from operating activities		**(1 457)**	10 967	933
Cash flows from investing activities				
Finance income received		**744**	492	279
Net cash flows generated from investing activities		**744**	492	279
Cash flows from financing activities				
Finance cost paid		**(*)**	–	(1)
Share capital and share premium movement		**(18)**	(90)	(47)
Overnight deposit movement		**13 808**	(19 000)	(700)
Net cash flows generated from/(utilised in) financing activities		**13 790**	(19 090)	(748)
Net cash flows in cash and cash equivalents		**13 077**	(7 631)	464
Cash and cash equivalents at the beginning of the year		**108**	7 739	7 275
Cash and cash equivalents at the end of the year	**11**	**13 185**	108	7 739

(*) Less than R500.

Basis of preparation

The annual financial statements of the company have been prepared in accordance with IFRS as issued by the IASB, the Financial Reporting Guidelines as issued by the South African Institute of Chartered Accountants ("SAICA") Accounting Practices Committee and the requirements of the Companies Act, No. 71 of 2008, as amended.

Amounts in the annual financial statements are stated in South African rand, as this is the currency in which all of the company's transactions are denominated.

The significant accounting policies are consistent in all material respects with those applied in the previous period, except as disclosed under "New accounting pronouncements" on page 19.

1. Significant accounting policies

1.1 Accounting convention

The annual financial statements have been prepared on a historical cost basis, except for certain financial and equity instruments that have been measured at fair value or at amortised cost.

1.2 Revenue recognition

The company measures revenue at the fair value of the consideration received or receivable. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the company and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably. If necessary, revenue is split into separately identifiable components.

1.2.1 Income

Contributions
Contributions are recognised in the period to which it relates.

Dividends
Dividends from investments are recognised when the shareholder's right to receive payment has been established.

Interest
Interest is recognised on a time proportion basis with reference to the principal amount receivable and the effective interest rate applicable.

1.3 Taxation

The taxation expense represents the sum of the current taxation and deferred taxation.

Taxation is charged or credited to profit or loss.

Taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they either relate to income taxes levied by the same taxation authority on either the same taxable entity which intend to settle the current taxation assets and liabilities on a net basis.

Current taxation
Current taxation payable or recoverable is based on taxable profit for the year. The company's liability for current taxation is calculated using taxation rates and laws that have been enacted or substantively enacted by the reporting date.

1.3 Taxation (continued)

Deferred taxation

Deferred taxation is the taxation expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxation bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferrred taxation assets are recognised to the extent that it is probable that the deductible temporary difference will reverse in the foreseeable future and taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

A deferred taxation asset for the carry forward of unused taxation losses and taxation credits is only recognised to the extent that it is probable that future taxable profit will be available against which the unused taxation losses and taxation credits can be utilised.

The carrying amount of deferred taxation assets is reviewed at each reporting date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all, or part of the asset to be recovered.

Deferred taxation is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset realised, based on taxation rates that have been enacted or substantively enacted by the reporting date.

Secondary taxation on companies ("STC")

STC was replaced with dividend withholding taxation effective 1 April 2012. Prior to 1 April 2012, STC was provided for at the prevailing rate on the amount of the net dividend declared by the company. It was recorded as a taxation expense when dividends were declared.

1.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, net of bank borrowings, all of which are available for use by the company unless otherwise stated.

Cash on hand is initially recognised at fair value and subsequently measured at its face value.

Deposits held on call are classified as loans and receivables by the company and carried at amortised cost. Due to the short-term nature of these, the amortised cost normally approximates its fair value.

1.5 Financial instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

All financial assets and financial liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs.

The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

1.5.1 Financial assets, excluding derivative financial instruments

Financial assets are recognised and derecognised on trade date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

Subsequent to initial recognition, these instruments are measured as follows:

- Financial assets at fair value through profit or loss and available-for-sale are subsequently stated at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss. For available-for-sale financial assets, gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the security is disposed of, it is determined to be impaired or the equity interest is increased resulting in the asset no longer being accounted for as an available-for-sale financial asset, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified in profit or loss. The net gain or loss recognised in profit or loss incorporates any gains or losses on remeasurement transferred from other comprehensive income to profit or loss, dividends and finance income on the financial asset.
- Loans receivable are subsequently stated at amortised cost using the effective interest rate method, less any impairment losses. The terms of loans granted are renegotiated on a case by case basis if circumstances required renegotiation.
- Trade receivables (excluding assets created by statutory requirements and prepayments) do not carry any interest and are subsequently stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.
- Other receivables are subsequently stated at their nominal values.

1.5.2 Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date.

Certain categories of financial assets, such as trade receivables, that are assessed not to be impaired individually, are subsequently assessed for impairment on a collective basis.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, with the exception of trade and other receivables, the amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For trade and other receivables, the amount of the impairment is the irrecoverable amount estimated by management.

The carrying amount is reduced directly by the impairment loss, with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed, either directly or by adjusting the allowance account, through profit or loss. The carrying amount of the financial asset at the date the impairment loss is reversed will not exceed what the amortised cost would have been had the impairment loss not been recognised.

Available-for-sale financial assets
Where there is objective evidence that a decline in the fair value of an available-for-sale financial asset that has been recognised directly in other comprehensive income is as a result of impairment, the cumulative loss is removed from other comprehensive income and recognised as an impairment loss in profit or loss. The amount of the cumulative loss removed is the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss.

A reversal of previously recognised impairment losses on available-for-sale equity investments is recognised directly in other comprehensive income.

1.5.3 Financial liabilities, excluding derivative financial instruments, and equity instruments

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the applicable definitions. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

Equity instruments issued by the company are recorded at the proceeds received, net of direct issuance costs.

Subsequent to initial recognition, these instruments are measured as follows:

- Borrowings are subsequently stated at amortised cost, using the effective interest rate method. Any difference between the proceeds net of transaction costs and the settlement or redemption of borrowings is recognised over the term of the borrowings.
- Trade and other payables (excluding liabilities created by statutory requirements and revenue charged in advance) as well as dividends payable are not interest-bearing and are subsequently stated at their nominal values.

1.5.4 Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

2. New accounting pronouncements

Accounting pronouncements adopted

During the current financial year the company has adopted amendments to:

- IAS 1: Presentation of Financial Statements – presentation of items of other comprehensive income;
- IAS 19: Employee benefits, which requires revised accounting and disclosures for defined benefit pension schemes, including a different measurement basis for asset returns which replaces the expected return on plan assets and interest cost currently recorded in the consolidated income statement with net interest. This results in a revised allocation of costs between the income statement and other comprehensive income. The "corridor approach" method of spreading the recognition of actuarial gains and losses, which was not used by the group, is prohibited. The amendments also include a revised definition of short- and long-term benefits to employees and revised criteria for the recognition of termination benefits;
- IAS 36: Impairment of Assets, relating to recoverable amounts disclosures, which corrects a previous amendment;
- IFRS 7: Financial Instruments Disclosure – offsetting financial assets and financial liabilities;
- IFRS 13: Fair Value Measurement; and
- Improvements to IFRS 2009 to 2011 cycle.

These changes had no material impact on the results, financial position or cash flows of the company.

New accounting pronouncements not yet adopted

The company has not yet adopted the following pronouncements, which have been issued by the IASB. The company does not currently believe the adoption of these pronouncements will have a material impact on its results, financial position or cash flows.

- Amendment to IAS 32: Offsetting financial assets and financial liabilities, effective for annual periods beginning on or after 1 January 2014;
- Amendments to IAS 39: Novation of derivatives and continuation of hedge accounting, effective for annual periods beginning on or after 1 January 2014;
- IFRIC 21: Levies, effective for annual periods beginning on or after 1 January 2014;
- Improvements to IFRS 2010 to 2012 cycle, elements are effective variously from 1 July 2014 and for annual periods beginning on or after 1 July 2014;
- Amendments to IAS 19: Defined benefit plans: employee contributions, effective for annual periods beginning on or after 1 July 2014;
- Improvements to IFRS 2011 to 2013 cycle, effective for annual periods beginning on or after 1 July 2014;
- Phase I of IFRS 9: Financial instruments was issued in November 2009 and has subsequently been updated and amended. The standard introduces changes to the classification and measurement of financial assets, removes the restriction on electing to measure certain financial liabilities at fair value through the income statement from initial recognition and requires changes to the presentation of gains and losses relating to fair value changes. The effective date of the standard is to be confirmed.

3. Income

	2014 R000	2013 R000	2012 R000
Dividends received – Vodacom (Proprietary) Limited	**19 360**	25 102	15 200

4. Expenses

	2014 R000	2013 R000	2012 R000
Administration fees	**(2 771)**	(2 865)	(3 248)
Auditors' remuneration	**(359)**	(351)	(306)
Consultancy fees	**(91)**	(91)	(71)
Information technology	**(17)**	(12)	(12)
Other	**(481)**	(20)	(257)
	(3 719)	(3 339)	(3 894)

Administration fees comprise the monthly share register maintenance fee paid of R822 598 (2013: R800 373, 2012: R705 546), AGM expenses of R189 658 (2013: R86 868, 2012: R98 472), storage of data of R131 403 (2013: Rnil, 2012: Rnil) as well as the printing and posting of the annual report, interim results and unclaimed dividend cheques of R1 627 375 (2013: R1 977 956, 2012: R2 444 226).

Auditors' remuneration comprise audit fees of R171 000 (2013: R105 600, 2012: R105 600), valuation review work for interim results purposes of R171 000 (2013: R245 100, 2012: R200 000) and agreed upon procedures report for inclusion in the YeboYethu prospectus for an amount of R17 100 to Deloitte & Touche in the 2014 financial year.

Consultancy fees comprise valuation services provided by PWC Inc for R91 371 (2013: R91 129, 2012: R70 643) and company secretarial charges of Rnil (2013: Rnil, 2012: R323) in the 2014 financial year.

Information technology comprises website maintenance and hosting for R17 499 (2013: R11 628, 2012: R11 628).

Other comprises bank charges of R481,368 (2013: R20 226, 2012: R239 675) and bad debts of Rnil (2013: Rnil, 2012: R17 593).

5. Finance income

Interest income

	2014 R000	2013 R000	2012 R000
Deposits – Vodacom Group Limited	**744**	526	283

Interest income on financial assets not at fair value through profit or loss amounted to R744 006 (2013: R526 036, 2012: R282 667).

6. Finance cost

Interest expense

	2014 R000	2013 R000	2012 R000
Bank overdrafts	**(*)**	–	(1)

Interest expense on financial liabilities not at fair value through profit or loss amounted to R339 (2013: Rnil, 2012: R661).

7. Gains on remeasurement of financial instrument

	2014 R000	2013 R000	2012 R000
Gains on revaluation of option asset	**147 177**	61 652	161 690

(*) Less than R500.

8. Taxation

	2014 R000	2013 R000	2012 R000
8.1 Income taxation expense			
South African normal taxation			
Current year	**(208)**	(147)	(79)
South African deferred taxation			
Current year	**(27 446)**	(11 514)	(31 878)
Rate adjustment *	**–**	–	(19 297)
	(27 654)	(11 661)	(51 254)
Factors affecting taxation expense for the year			
The table below discloses the differences between the expected income taxation expense at the South African statutory taxation rate and the company's total income taxation expense:			
Expected income taxation expense on profit before taxation at the South African statutory taxation rate	**(45 797)**	(23 503)	(48 519)
Adjusted for:			
Disallowed expenditure	**(1 041)**	(935)	(1 090)
Deferred secondary taxation on companies	**–**	–	(1 726)
Taxation rate adjustment *	**–**	–	(19 296)
Income received – Vodacom (Proprietary) Limited	**5 420**	7 029	4 256
Adjustment to capital gains inclusion rate for fair value losses	**13 764**	5 748	15 121
	(27 654)	(11 661)	(51 254)

The South African statutory taxation rate is 28.0% (2013: 28.0%, 2012: 28.0%) with the effective capital gains rate at 18.6% (2013: 18.6%, 2012: 18.6%). The company's effective taxation rate is 16.9% (2013: 13.9%, 2012: 29.6%).

Effective 1 April 2012 dividends tax replaced STC which was the taxation on dividend distributions previously in force. The South African dividends taxation rate is 15.0% (2013: 15.0%), STC rate in 2012: 10.0%. Dividends taxation is taxation levied on shareholders as opposed to STC that was a taxation payable by a company.

	2014 R000	2013 R000	2012 R000
Components of deferred taxation charged to profit or loss			
Secondary taxation on company credits	**–**	–	1 726
Secondary taxation on company credit created	**–**	–	(1 520)
Secondary taxation on company credit utilised	**–**	–	3 246
Capital gains taxation on fair value losses	**(27 446)**	(11 514)	(33 604)
Rate adjustment *	**–**	–	(19 296)
	(27 446)	(11 514)	(51 174)

** Effective 1 March 2012 the capital gains tax inclusion rate was amended from 50.0% to 66.6%. This resulted in a R19.3 million adjustment to the deferred taxation liability.*

8.2 Deferred taxation and components

	2014 R000	2013 R000	2012 R000
Deferred taxation liability: Capital gains taxation on fair value movement	**(146 533)**	(119 087)	(107 573)
Reconciliation of net deferred taxation balance			
Balance at the beginning of the year	**(119 087)**	(107 573)	(56 399)
Charge to profit or loss	**(27 446)**	(11 514)	(51 174)
Balance at the end of the year	**(146 533)**	(119 087)	(107 573)

Deferred taxation on the revaluation of the option asset is raised at the capital gains taxation rate.

9. Financial assets

Non-current

9.1 Financial asset at fair value through profit or loss

Vodacom South Africa option asset

On 8 October 2008 the company acquired a 3.44% investment in Vodacom SA by obtaining ordinary shares and "A" ordinary shares for the benefit of its shareholders as part of a Vodacom SA Broad-based Black Economic Empowerment Transaction ("BBBEE") as follows:

	2014 R000	2013 R000	2012 R000
7 200 000 ordinary shares at R25.00 each	**180 000**	180 000	180 000
82 800 000 "A" ordinary shares at R2.1739 each	**180 000**	180 000	180 000
75 000 000 "A" ordinary shares at R0.00001 each	**1**	1	1
	360 001	360 001	360 001
Accumulated fair value adjustment	**785 690**	638 513	576 861
	1 145 691	998 514	936 862
Opening balance	**998 514**	936 862	775 172
Fair value adjustment	**147 177**	61 652	161 690
Closing balance	**1 145 691**	998 514	936 862

The valuation of the option asset in Vodacom SA, at 31 March 2014, was modelled as the aggregate of two components:

- A variable-strike call option with payoff equal to the expected difference between the value of the shares held by YeboYethu Limited and the value of the notional vendor debt (strike price), as at 30 September 2018, discounted to the valuation date; and
- The present value (on the valuation date) of the trickle dividends (the actual dividends expected to be received on the ordinary shares over six (2013: four, 2012: six) dividend periods) and dividends to be received on "A" ordinary shares once the notional loan has been repaid) to be received by the BBBEE participants.

9. Financial assets (continued)

Non-current (continued)

9.1 Financial asset at fair value through profit or loss (continued)

Vodacom South Africa option asset (continued)

A Monte Carlo methodology was adopted to value the option. The Monte Carlo simulation allows for the option model to consider the dependencies which exist between the company value, the dividends paid, the notional funding value and the remitted value. The payoff of this structure was valued as the time adjusted difference between the future value of the company and the future outstanding balance of the debt plus the present value of the dividend remitted to YeboYethu Limited.

Within the Monte Carlo method, the following input parameters were used to simulate the Vodacom SA value: the equity value of the underlying share at the valuation date, the expected dividend yield of the underlying share over the life of the option, the expected volatility of the underlying share over the life of the option, and the risk-free interest rate over the life of the model. In addition to these, in order to simulate the strike price, the expected net asset value of the underlying share was used.

The fair value of R1.1 billion (2013: R998.5 million, 2012: R936.9 million) was calculated using the following assumptions as at 31 March 2014:

- The risk-free interest rate was determined from the bootstrapped zero coupon perfect fit swap curve, sourced from the Bond Exchange of South Africa;
- The dividend yield was based on Vodacom SA's forecasted earnings and dividend policy based on a range from 30 September 2014 of 6.48% to 30 September 2018 of 9.22% (2013: 30 September 2013 of 5.81% to 30 September 2015 of 6.83%, 2012: 30 September 2012 of 6.0% to 30 September 2015 of 8.4%);
- Maturity date – five years from transaction date (2013: three years from transaction date, 2012: four years from transaction date);
- Volatility was calculated by applying the equally weighted methodology to the historical share price data of Vodacom Group Limited (data sourced from Bloomberg). The Vodacom Group volatility was applied as a proxy for Vodacom (Proprietary) Limited, calculated at a four and a half years equally weighted volatility of 23.13% as at 31 March 2014;
- In the prior years, the expected volatility in the value of the shares granted was determined using historical share prices of Vodafone Plc London of (2013: 25.5%, 2012: 28.6%) (data sourced from Bloomberg), Mobile Telephone Networks Limited of (2013: 19.4%, 2012: 36.6%), Vodacom Group Limited of (2013: 21.8%, 2012: 28.9%) and Telkom SA Limited of 32.9% in the 2012 financial year.It was assumed that Telkom's stake in Vodacom Group Limited was a significant component of Telkom's market capitalisation before the sale/unbundling of Telkom's stake on 18 May 2009. This adjusted volatility was applied as a proxy for Vodacom (Proprietary) Limited. For the 2013 valuation, two and a half years of historical data, equivalent to the period of time from valuation date until maturity was required therefore the volatility did not consider Telkom SA Limited;
- Strike price – the notional vendor debt as at valuation date provided by Vodacom SA amounted to R5.4 billion (2013: R5.5 billion, 2012: R5.8 billion). Interest accrues at a notional rate of 9.8% NACD (2013: 9.8% NACD, 2012: 9.8% NACD). The debt at maturity represents the strike price; and
- The equity value of Vodacom SA which was determined by applying the adjusted present valuation methodology to cash flow projections for 10 years. The cash flow projections are based on five-year financial forecasts approved by the board of directors, which have been extrapolated for a further five years for valuation purposes.

Key cash flow assumptions included average sim penetration, market share, revenue per user, EBITDA margin and revenue growth.

Key equity value assumptions include the perpetual growth rate of 4.01% (2013: 4.00%, 2012: 3.00%), the pre-taxation cost of debt of 10.30% (2013: 8.58%, 2012: 9.99%) and cost of equity of 13.80% (2013: 12.88%, 2012: 12.30%). The discount rate used in the valuation model includes a risk-free rate of 8.30% (2013: 6.83%, 2012: 7.90%), market risk premium of 5.50% (2013: 5.50%, 2012: 5.50%), lack of control and marketability discounts of 10.00% (2013: 10.00%, 2012: 10.00%) and 5.00% (2013: 5.00%, 2012: 5.00%), respectively.

9. Financial assets (continued)

Non-current (continued)

9.1 Financial asset at fair value through profit or loss (continued)

Vodacom South Africa option asset (continued)

The directors want to emphasise that option valuations are forward-looking and therefore highly subjective. The option value determined is our best estimate on a continuum of acceptable values. For each of the inputs used in determining the option value, there is a range of acceptable values. The most significant assumptions have been disclosed above. The equity value of Vodacom SA was determined to be the most sensitive input in the process of determining the option value.

Our calculations indicate that the acceptable range of equity values for Vodacom SA, would be a range of up to 10.0% higher or lower than the equity value used in the determination of the option value. The following table shows the sensitivity of the fair value of the option asset to this reasonable alternative range of assumptions as at 31 March:

	Favourable change	Unfavourable change
2014		
Total change from base (Rm)	333.6	**(296.4)**
Total change from base (%)	29.1	**(25.9)**
2013		
Total change from base (Rm)	344.5	**(304.2)**
Total change from base (%)	34.5	**(30.5)**
2012		
Total change from base (Rm)	288.7	**(252.7)**
Total change from base (%)	30.8	**(27.0)**

It is therefore important that shareholders and other users of these financial statements understand the sensitivity of the option value actually recorded to changes in any or all of the assumptions used in determining the option value.

In terms of the original notional vendor finance structure, the notional funding provided by Vodacom SA earned notional interest at a 10.0% notional annual compounded semi-annually rate ("NACS"). To simplify the matter, the notional interest is now calculated using an equivalent converted notional daily compounded rate ("NACD") of 9.8%, which, in the absence of any cash flow would yield the same result. The change from NACS was approved by the shareholders of Vodacom SA on 2 March 2010.

The Black public contributed R360.0 million of unencumbered equity to acquire 14.4 million ordinary shares in YeboYethu Limited. Twelve million "N" ordinary shares were issued to the YeboYethu Employee Trust for R120. The R360.0 million was used to acquire 7.2 million ordinary shares and 82.8 million "A" ordinary shares in Vodacom SA. The shares in Vodacom SA were issued to YeboYethu Limited in the 2009 financial year at a 10.0% discount. Vodacom SA contributed the balance of R1 665.0 million on behalf of the black public and R1 687.5 million on behalf of the employee scheme by way of notional funding. The notional funding does not give rise to a legal obligation but only facilitates the repurchase mechanism.

YeboYethu Limited receives notional dividends on these shares calculated on the basis of the actual dividends paid to ordinary shareholders, divided by ordinary shares and "A" ordinary shares, which was then used as a notional payment. The holders of ordinary shares are entitled to dividends but the holders of "A" ordinary shares will only be entitled to dividends once the notional funding has been settled.

At the annual general meeting held on 17 October 2013 shareholders resolved that, the notional funding rate applicable to the Vodacom SA "A" Shares decrease from 9.7593% to 8% with effect from 1 April 2015 and to extend the notional funding period applicable to such "A" Shares from 8 October 2015 to 8 October 2018. This has a direct impact on the valuation of the Vodacom South Africa option asset.

The closing balance as at 31 March 2014 of the notional funding loan after the notional interest and notional dividends is as follows:

		2014 R000	2013 R000	2012 R000
9.	**Financial assets (continued)**			
	Non-current (continued)			
9.1	Financial asset at fair value through profit or loss (continued)			
	Reconciliation of notional funding			
	Opening balance	**3 212 192**	3 396 964	3 371 823
	Notional interest accrued	**319 869**	333 062	338 703
		3 532 062	3 730 026	3 710 526
	Less: notional dividend received	**(399 379)**	(517 834)	(313 562)
		3 132 683	3 212 192	3 369 964
9.2	Available-for-sale investment			
	Unlisted investment carried at cost			
	Jupicol (Proprietary) Limited	*	*	*

The company exercised its call option in Jupicol (Proprietary) Limited effective 1 November 2010. The company obtained a 10.0% stake for an amount of R10.00 being R1.00 per ordinary share.

		2014 R000	2013 R000	2012 R000
10.	**Accounts receivable**			
	Vodacom Group Limited	**12 057**	25 866	6 832
	Prepayments	**–**	9	9
		12 057	25 875	6 841
	Timing			
	Current	**12 057**	25 875	6 841

All accounts receivables are rand denominated, short-term and interest is earned at money market rates.

		2014 R000	2013 R000	2012 R000
11.	**Cash and cash equivalents**			
	Bank balances	**13 185**	108	7 739

The unclaimed dividends at 31 March 2014 of R3 575 332 (2013: R1 674 858, 2012: R1 231 119) decreased the balance as stated above.

Included in bank balances as at 31 March 2014 is an amount of R2 540 426. This balance belongs to shareholders or potential shareholders trading on the OTC.

(*) Less than R500.

	2014 R000	2013 R000	2012 R000
12. Share capital			
12.1 Ordinary share capital			
Authorised			
40.0 million (2013: 40.0 million, 2012: 40.0 million) ordinary shares at R0.00001 (2013: R0.00001, 2012: R0.00001) each.	*	*	*
Issued			
Opening balance at the beginning of the year 14.4 million (2013: 14.4 million, 2012: 14.4 million) ordinary shares at R0.00001 (2013: R0.00001, 2012: R0.00001) each.	*	*	*
Less repurchase: 400 (2013: 2 300, 2012: 1 500) ordinary shares at R0.00001 each.	(*)	(*)	(*)
Closing balance at the end of the year	*	*	*
The company repurchased 400 (2013: 2 300, 2012: 1 500) of its ordinary shares during the 2014 financial year at par value. The repurchased ordinary shares were cancelled as issued ordinary shares and returned to unissued authorised ordinary shares.			
12.2 "N" ordinary shares			
Authorised			
12.0 million authorised "N" ordinary shares at R0.00001 each.	*	*	*
Issued			
12.0 million issued "N" ordinary shares at R0.00001 each.	*	*	*
""N" ordinary shares rank *pari passu* to ordinary shares other than the fact that they will not earn any dividends until the notional funding by Vodacom SA to purchase the "A" ordinary shares in Vodacom SA is settled. There were no changes to the "N" ordinary shares for the financial year ended 31 March 2014, 31 March 2013 and 31 March 2012, respectively.			

(*) Less than R500.

		2014 R000	2013 R000	2012 R000
13.	**Ordinary share premium**			
	Opening balance at the beginning of the year	**359 893**	359 950	359 987
	Less repurchase: 400 (2013: 2 300, 2012: 1 500) ordinary shares at R24.99 (2013: R24.99, 2012: R24.99) each.	**(10)**	(57)	(37)
	Closing balance at the end of the year	**359 883**	359 893	359 950
	The amount paid for repurchased and cancelled ordinary shares was accounted for as 400 (2013: 2,300, 2012: 1,500) ordinary shares at R44.07 (2013: R39.34, 2012: R31.69) per share. The total amount of R44.07 (2013: R39.34, 2012: R31.69) comprises of the par value per share of R0.00001 (2013: R0.00001, 2012: R0.00001), the share premium paid of R24.99 (2013: R24.99, 2012: R24.99) and an excess portion of R19.08 (2013: R14.35, 2012: R6.69) which is accounted for in retained earnings.			
14.	**Accounts payable**			
	Trade payables	**3 152**	563	679
	The average credit period is 30 days (2013: 30 days, 2012: 30 days). No interest is charged on trade payables. The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. Trade payables are short-term and carried at cost which normally approximates the fair value due to short-term maturity thereof.			
15.	**Cash generated from operations**			
	Profit for the financial year	**135 908**	72 280	122 024
	Taxation	**27 654**	11 661	51 254
	Non-operating income and expense	**–**	–	18
	Finance income	**(744)**	(526)	(283)
	Fair value adjustment	**(147 177)**	(61 652)	(161 690)
	Movement in trade and other receivables	**9**	–	*
	Movement in trade and other payables and provisions	**2 590**	(116)	345
		18 240	21 647	11 668

(*) Less than R500.

	2014 R000	2013 R000	2012 R000
16. Related parties			
All transactions with related parties have been made on terms equivalent to those that prevail in arm's length transactions.			
16.1 Balances with related parties			
Accounts receivable			
Vodacom Group Limited	**12 057**	25 866	6 832
16.2 Transactions with related parties			
Vodacom Group Limited			
Finance income received	**744**	526	283
Vodacom (Proprietary) Limited			
Dividends received	**19 360**	25 102	15 200
17. Financial instruments and risk management			
17.1 Net gains			
Net gains on financial instruments analysed by category, are as follows:			
Loans and receivables	**744**	526	283
Financial liabilities held at amortised cost	**(*)**	–	(1)
Revaluation of option asset	**147 177**	61 652	161 690
Net gains attributable to financial instruments	**147 921**	62 178	161 972
Net gains attributable to non-financial instruments	**19 360**	25 102	15 200
	167 281	87 280	177 172
17.2 Carrying amounts of financial instruments			
Financial assets at fair value through profit or loss	**1 145 691**	998 514	936 862
Available-for-sale financial asset	*****	*	*
Loans and receivables	**25 242**	25 974	14 571
	1 170 933	1 024 488	951 433
Financial liabilities measured at amortised cost	**3 152**	563	11 334

(*) Less than R500.

	2014 R000	2013 R000	2012 R000
17. Financial instruments and risk management (continued)			
17.3 Fair value hierarchy			
An analysis of the financial instrument, Vodacom SA option asset, measured at fair value and disclosed as level three based on the degree to which the fair value is observable, is as follows:			
Level three			
Financial assets at fair value through profit or loss, classified as held for trading			
Vodacom SA option asset (refer note 9)	**1 145 691**	998 514	936 862
Level three uses data inputs for the valuation of the asset that are not based on observable market data.			
Reconciliation of fair value			
Measurement in level three			
Opening balance at the beginning of the year	**998 514**	936 862	775 172
Recognised in net gains on remeasurement and disposal of financial instruments	**147 177**	61 652	161 690
Closing balance at the end of the year	**1 145 691**	998 514	936 862
17.4 Financial risk management			
17.4.1 Interest rate risk management			
The company's interest rate profile consists mainly of floating rate bank balances and related party receivable which exposes the company to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:			
Financial assets			
Bank and related party deposits linked to floating rate of interest	**25 242**	25 974	14 571

The company is exposed to floating rates of interest namely South African prime rates and South African money market rates.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

	2014 R000	2013 R000	2012 R000

17. Financial instruments and risk management (continued)

17.4 Financial risk management (continued)

17.4.1 Interest rate risk management (continued)

The basis points increases or decreases, as detailed in the table below, are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Management's assessment of a reasonable possible change in market interest rates are based on economic forecasts as published by Bloomberg.

A positive number below indicates an increase in profit post-taxation if interest rates were higher by the basis points indicated below in a net financial asset position.

A negative number below indicates a decrease in profit post taxation if interest rates were higher by the basis points indicated below in a net financial liability position.

If interest rates were lower by the basis points indicated as below, there would be an equal and opposite impact on the profit post taxation.

The sensitivity analysis is representative of the company's exposure to interest rate risk.

	2014 R000	2013 R000	2012 R000
RSA prime rates, JIBAR rates, money market rates and RSA BA rates			
Basis point increase	**100**	50	50
Profit post taxation	**87**	94	57

17.4.2 Liquidity risk management

In terms of its borrowing requirements, the company ensures that adequate funds are available to meet its expected and unexpected financial commitments. In terms of its long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded.

17. Financial instruments and risk management (continued)

17.4 Financial risk management (continued)

17.4.2 Liquidity risk management (continued)

The tables below disclose the maturity profile of the company's non-derivative financial liabilities and financial assets used for managing liquidity risk. The amounts disclosed are the future undiscounted contractual cash (outflows)/inflows which therefore differs from both the carrying amount and the fair value. The table has been drawn up based on the earliest date on which the company can be required to settle or can require settlement and include both estimated interest and principal cash flows.

	0 – 1 year R000	2 years R000	3 years R000	4 years R000	5 years R000	5+ years R000	Total R000
2014							
Financial liabilities							
Accounts payable	**3 152**	–	–	–	–	–	**3 152**
Financial assets							
Accounts receivable	**12 057**	–	–	–	–	–	**12 057**
Cash and cash equivalents	**13 185**	–	–	–	–	–	**13 185**
	25 242	–	–	–	–	–	**25 242**
2013							
Financial liabilities							
Accounts payable	563	–	–	–	–	–	563
Financial assets							
Accounts receivable	25 866	–	–	–	–	–	25 866
Cash and cash equivalents	108	–	–	–	–	–	108
	25 974	–	–	–	–	–	25 974
2012							
Financial liabilities							
Accounts payable	11 334	–	–	–	–	–	11 334
Financial assets							
Accounts receivable	6 832	–	–	–	–	–	6 832
Cash and cash equivalents	7 739	–	–	–	–	–	7 739
	14 571	–	–	–	–	–	14 571

18. Services in-kind

The board cannot reliably determine a fair value for services received in-kind that consist primarily of participation by board members in the business of the company, and as a result does not recognise the value of these services received in income.


planning MONEY
GAIN FUTURE
SHARE
RAND
BBBEE
SAFE TRUST invest
CENTS progress FOCU
SHARE
FUND STRATEGY BBBEE VALUE
INCOME FUND VALUE
BUSINESS MONEY
CENTS asset
TRUST SELL BUY
SPEED
GROWTH
VODACOM
FOCUS
SHARE OWNERSHIP
SELL
SELL BUY
investment
ECONOMY
PUBLIC SHAREHOLDERS
COMMODITIES
DIVIDEND
INCOME
VALUE PER SHARE
WEALTH
FUND
PUBLIC
TRADE
shareholders
STRATEGY
ENRICHMENT
ECONOMY PUBLIC
BUYING
SELL SHARES
BBBEE SELL
planning BUY
profit
MONEY
SHARES
DOING IT SMARTER
VALUE
SHARE OWNERSHIP
gain VALUE PER SHARE
CASH FLOW FUND
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SELL ISSUED SHARES
PUBLIC BUY CASH FLOW
PUBLIC invest
BBBEE PAID
RAND
FUND
INVESTMENT
TRADE
VODACOM
VALUE PER SHARE
SPEED
SECURE GAIN
future
LONG-TERM INVESTMENT
FOCUS PUBLIC
FINANCE gain
BENEFIT YEBO
capital YETHU
gain RAND
BBBEE FINANCE
CENT BENEFIT asset
VALUE
SHAREHOLDERS
CAPITAL INVESTMENT
TRADING
TRANSACTION
INVESTOR