SOUTHERN VIEW FINANCE LTD.

(Registration number 47305)

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

General Information

Country of incorporation and domicile	Bermuda
Nature of business and principal activities	The company holds interests in companies engaged in micro lending, credit risk management, a call centre business, insurance business, low cost financial services products and credit management and payment solutions.
Directors	James Keyes Gregory Tolaram James Robert Bareham Hermanus Roelof Willem Troskie Samuel Sithole Hendrik van der Merwe Scholtz
Registered office	Mercury House 101 Front Street Hamilton, HM12 Bermuda
Bankers	First National Bank - a division of FirtsRand Bank Limited HSBC Bank Bermuda Limited HSBC Bank PLC HSBC Bank PLC - Johannesburg Branch HSBC Bank (Mauritius) Limited Rand Merchant Bank - a division of FirtsRand Bank Limited Standard Bank of South Africa Limited The HongKong and Shanghai Banking Corporation Limited
Bank Address	6 Front Street Hamilton, HM11 Bermuda
Auditor	PricewaterhouseCoopers Mauritius 18 CyberCity Ebène Rèduit 72201 Mauritius
Secretary	Mercury Group Limited Mercury House 101 Front Street Hamilton, HM12 Bermuda
Legal advisors	ENSafrica 150 West Street Sandown Sandton Johannesburg 2196 South Africa

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The reports and statements set out below comprise the consolidated and separate financial statements presented to the shareholders:

Directors' Responsibilities and Approval

The directors are required in terms of the Bermuda Companies Act, No 59 of 1981 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the Bermuda Stock Exchange Listing Requirements. The external auditor is engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards and the Bermuda Stock Exchange Listing Requirements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group and company's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, they are satisfied that the group and company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group and company's consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the group's external auditor and the report is presented on pages 7 to 8.

The consolidated and separate financial statements set out on pages 9 to 53, which have been prepared on the going concern basis, were approved by the board on 20 October 2014 and were signed on its behalf by:

Director	Director

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate financial statements of Southern View Finance Ltd. and the group for the year ended 30 June 2014.

1. Incorporation

The company was incorporated on 10 January 2013 and obtained its certificate to commence business on the same day. The company started with operational activities from October 2013.

2. Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards. These policies have been consistently applied to all the years, unless otherwise stated.

The company's primary listing is on the Bermuda Stock Exchange ("BSX"). It has a secondary listing on the Alternative Exchange of the JSE ("AltX").

Southern View Finance Ltd. is an international financial services business, offering affordable and appropriate access to financial service products aimed at the mass market. The group's aim is to provide low cost financial service products, which will include (i) small and affordable loans (ii) mobile banking (iii) money transfers and (iv) micro insurance products. The group's partners with and leverages established retail and other networks to distribute its products. The group's initial focus has been in South Africa, where it has partnered with a significant clothing and apparel retailer to offer small, low cost loans to its customers. The group is in the process of expanding into further jurisdictions.

The key business metrics of the company's current loan portfolio is:
(1) an average loan amount of R3,000
(2) a loan term of 6 months
(3) a targeted monthly cash yield percentage on the loan portfolio of >20%
(4) targeted write-offs (all capital, interest and fees) of <12% of all advances and revenues
(5) a bad debt provision which delivers a provision cover in excess of 100% of non performing loans
(6) new loan applications of >100 000 per month

The group recorded a net profit after tax for the year ended 30 June 2014 of R 51,789,445 (30 June 2013: R(10,332,498). The company recorded a net loss after tax for the year ended 30 June 2014 of R(8,723,141) (30 June 2013: R(1,534,654).

3. Share capital

Refer to note 14 of the consolidated and separate financial statements for detail of the movement in authorised and issued share capital.

4. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass on the payment of dividends. No dividends were declared during the year ended 30 June 2014 (2013: nil).

5. Directorate

The directors in office at the date of this report are as follows:

Directors' Report

Directors	Changes
James Keyes	
Gregory Tolaram	
James Robert Bareham	
Hermanus Roelof Willem Troskie	
Samuel Sithole	
Hendrik van der Merwe Scholtz	
Nicolaas Faure	Resigned 30 June 2014
Trevor Davis	Resigned 30 June 2014
Julie Lamberth - Dawson	Resigned 30 June 2014

6. Interests of directors and executive officers

As at 30 June 2014, Mr Hendrik van der Merwe Scholtz is the ultimate beneficial owner of 81.5% of the issued Class B shares, held through various corporate entities.

The register of interests of directors and others in shares of the company is available to the shareholders on request.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

7. Directors' interests in contracts

During the financial year, no contracts were entered into which the directors or officers of the group had an interest and which significantly affected the business of the group.

8. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the consolidated and separate financial statements in note 7.

The interest of the group in the profits and losses of its subsidiaries for the year ended 30 June 2014 are as follows:

	Company	
	2014	**2013**
	R	**R**
Subsidiaries		
Southern View Finance UK Ltd - loss before income tax	(1,183,506)	-
Southern View Finance Mauritius Ltd - profit before income tax	12,452,975	(8,797,844)
Southern View Finance SA Holdings (Pty) Ltd - profit before income tax	71,968,210	-
	83,237,679	**(8,797,844)**

The company acquired 100% interest in Southern View Finance SA Holdings (Pty) Ltd during the current year. Southern View Finance SA Holdings (Pty) Ltd is incorporated in South Africa and holds interests in companies engaged in a call centre business, insurance business, low cost financial services products and credit management and payment solutions.

The company holds 100% interest in Southern View Finance UK Ltd. Southern View Finance UK Ltd is incorporated in the United Kingdom and operates a micro lending business.

The company holds 100% interest in Southern View Finance Mauritius Ltd. Southern View Finance Mauritius Ltd is incorporated in the Mauritius and operates a credit risk management business.

Directors' Report

9. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

10. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

11. Auditors

PricewaterhouseCoopers Mauritius was appointed in office as auditors for the company for the financial year ended 30 June 2014.

At the Annual General Meeting, the shareholders will be requested to reappoint PricewaterhouseCoopers Mauritius as the independent external auditors of the company, for the 2015 financial year.

12. Secretary

The company secretary is Mercury Group Limited.
Business address
Mercury House
101 Front Street
Hamilton, HM12
Bermuda

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Independent Auditor's Report

To the Shareholders of Southern View Finance Ltd

Report on the Financial Statements

We have audited the consolidated financial statements of Southern View Finance Ltd (the "Company") and its subsidiaries (together the "Group") and separate financial statements of the Company on pages 9 to 53 which comprise the Group's and the Company's statements of financial position at 30 June 2014 and their respective statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of 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 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 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 the directors, 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.

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Business Registration Number : F07000530

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Independent Auditor's Report

To the Shareholders of Southern View Finance Ltd (Continued)

Report on the Financial Statements (Continued)

Opinion

In our opinion, the financial statements on pages 9 to 53 give a true and fair view of the financial position of the Group and of the Company at 30 June 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with the terms of the letter of engagement dated 07 July 2014 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Gilles Beesoo, licensed by FRC

20 October 2014

Statement of Financial Position as at 30 June 2014

		Group		Company	
	Notes	2014 R	2013 R	2014 R	2013 R
Assets					
Non-Current Assets					
Fixed assets	4	119,875,763	458,156	-	-
Goodwill	5	17,827,548	-	-	-
Intangible assets	6	24,671,977	148,259	-	-
Investments in subsidiaries	7	-	-	668,317,461	1,002
Other financial assets	8	17,328,965	-	-	-
Deferred tax	9	4,260,969	-	-	-
		183,965,222	**606,415**	**668,317,461**	**1,002**
Current Assets					
Loans to group companies	10	-	-	189,900	28,316,459
Other financial assets	8	463,319	-	-	-
Trade and other receivables	11	137,359,611	219,486	340,965	69,105
Loans and advances	12	1,338,690,444	-	-	-
Cash and cash equivalents	13	563,268,941	20,715,786	16,093	70,424
		2,039,782,315	**20,935,272**	**546,958**	**28,455,988**
Total Assets		**2,223,747,537**	**21,541,687**	**668,864,419**	**28,456,990**
Equity and Liabilities					
Equity					
Share capital	14	678,674,970	30,095,875	678,664,970	30,095,875
Foreign currency translation reserve	15	(747,630)	(747,630)	(111,043)	(111,043)
Accumulated profit/(loss)		41,456,947	(10,332,498)	(10,257,795)	(1,534,654)
		719,384,287	**19,015,747**	**668,296,132**	**28,450,178**
Liabilities					
Non-Current Liabilities					
Other financial liabilities	16	318,630,151	-	-	-
Current Liabilities					
Loans from group companies	10	-	-	46,268	15
Other financial liabilities	16	1,006,532,670	-	-	-
Current tax payable	17	5,620,871	-	-	-
Trade and other payables	18	173,579,558	2,525,940	522,019	6,797
		1,185,733,099	**2,525,940**	**568,287**	**6,812**
Total Liabilities		**1,504,363,250**	**2,525,940**	**568,287**	**6,812**
Total Equity and Liabilities		**2,223,747,537**	**21,541,687**	**668,864,419**	**28,456,990**

The financial statements on pages 9-53 were approved by the Board of Directors and authorised for issue on 20 October 2014. They were signed on its behalf by

The accompanying notes on pages 14 - 53 form an integral part to the financial statements.

Statement of Comprehensive Income for the period ended 30 June 2014

		Group		Company	
	Notes	2014 R	2013 R	2014 R	2013 R
Revenue	19	806,316,485	-	-	-
Other income	20	18,559,422	83,078	-	911
Operating expenses	21	(345,107,782)	(10,415,576)	(8,748,926)	(1,535,565)
Impairment of loans	22	(375,383,958)	-	-	-
Operating profit (loss)	23	**104,384,167**	**(10,332,498)**	**(8,748,926)**	**(1,534,654)**
Investment revenue	24	6,251,339	-	25,785	-
Finance costs	25	(45,887,838)	-	-	-
Profit (loss) before taxation		**64,747,668**	**(10,332,498)**	**(8,723,141)**	**(1,534,654)**
Taxation	26	(12,958,223)	-	-	-
Profit (loss) for the year		**51,789,445**	**(10,332,498)**	**(8,723,141)**	**(1,534,654)**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		-	(747,630)	-	(111,043)
Other comprehensive income for the year net of taxation		-	**(747,630)**	-	**(111,043)**
Total comprehensive income/(loss) for the year/period ended 30 June 2014		**51,789,445**	**(11,080,128)**	**(8,723,141)**	**(1,645,697)**
Earnings per share (cents) (Notes 27 & 28)					
Basic		122	(484)	(21)	(72)
Diluted		122	(484)	(21)	(72)

The accompanying notes on pages 14 - 53 form an integral part of the financial statements.

Statement of Changes in Equity for the period ended 30 June 2014

	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Accumulated profit/(loss)	Total equity
	R	R	R	R	R	R
Group						
Loss for the period	-	-	-	-	(10,332,498)	(10,332,498)
Other comprehensive income (Note 15)	-	-	-	(747,630)	-	(747,630)
Total comprehensive loss for the period	-	-	-	**(747,630)**	**(10,332,498)**	**(11,080,128)**
Issue of shares (Note 14)	3,010	30,092,865	30,095,875	-	-	30,095,875
Total contributions by and distributions to owners of company recognised directly in equity	**3,010**	**30,092,865**	**30,095,875**	-	-	**30,095,875**
Balance at 01 July 2013	**3,010**	**30,092,865**	**30,095,875**	**(747,630)**	**(10,332,498)**	**19,015,747**
Profit for the year	-	-	-	-	51,789,445	51,789,445
Total comprehensive income for the year	-	-	-	-	**51,789,445**	**51,789,445**
Issue of shares (Note 14)	76,840	648,502,255	648,579,095	-	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**76,840**	**648,502,255**	**648,579,095**	-	-	**648,579,095**
Balance at 30 June 2014	**79,850**	**678,595,120**	**678,674,970**	**(747,630)**	**41,456,947**	**719,384,287**

The accompanying notes on pages 14 - 53 form an integral part of the financial statements.

Statement of Changes in Equity for the period ended 30 June 2014

	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Accumulated profit/(loss)	Total equity
	R	R	R	R	R	R
Company						
Loss for the period	-	-	-	-	(1,534,654)	(1,534,654)
Other comprehensive income (Note 15)	-	-	-	(111,043)	-	(111,043)
Total comprehensive loss for the year	-	-	-	**(111,043)**	**(1,534,654)**	**(1,645,697)**
Issue of shares (Note 14)	3,010	30,092,865	30,095,875	-	-	30,095,875
Total contributions by and distributions to owners of company recognised directly in equity	**3,010**	**30,092,865**	**30,095,875**	-	-	**30,095,875**
Balance at 01 July 2013	**3,010**	**30,092,865**	**30,095,875**	**(111,043)**	**(1,534,654)**	**28,450,178**
Loss for the year ended 30 June 2014	-	-	-	-	(8,723,141)	(8,723,141)
Total comprehensive Loss for the year	-	-	-	-	**(8,723,141)**	**(8,723,141)**
Issue of shares (Note 14)	66,840	648,502,255	648,569,095	-	-	648,569,095
Total contributions by and distributions to owners of company recognised directly in equity	**66,840**	**648,502,255**	**648,569,095**	-	-	**648,569,095**
Balance at 30 June 2014	**69,850**	**678,595,120**	**678,664,970**	**(111,043)**	**(10,257,795)**	**668,296,132**

Statement of Cash Flows for the period ended 30 June 2014

		Group		Company	
		2014	2013	2014	2013
	Notes	R	R	R	R
Cash flows from operating activities					
Cash used in operations	29	(1,187,566,905)	(8,740,053)	(69,418)	(1,708,005)
Interest income		6,251,339	-	25,785	-
Finance costs		(46,351,157)	-	-	-
Tax paid	37	(11,598,321)	-	-	-
Net cash used in operating activities		**(1,239,265,044)**	**(8,740,053)**	**(43,633)**	**(1,708,005)**
Cash flows generated from investing activities					
Purchase of fixed assets	4	(118,729,366)	(478,495)	-	-
Purchase of other intangible assets	6	(20,833,229)	(161,541)	-	-
Business combinations	31	(37,000,000)	-	-	-
Movement in investments		-	-	-	(1,002)
Movement in loans from group companies		-	-	-	(28,316,444)
Purchase of financial asset		(17,328,965)	-	-	-
Net cash used in investing activities		**(193,891,560)**	**(640,036)**	**-**	**(28,317,446)**
Cash flows from financing activities					
Proceeds on share issue	14	648,579,095	30,095,875	648,569,095	30,095,875
Proceeds from other financial liabilities		1,325,162,821	-	-	-
Additional loan to group companies		-	-	(648,580,000)	-
Net cash from financing activities		**1,973,741,916**	**30,095,875**	**(10,905)**	**30,095,875**
Total cash movement for the year		**540,585,312**	**20,715,786**	**(54,538)**	**70,424**
Cash at the beginning of the year		20,715,786	-	70,424	-
Foreign exchange on retranslation		1,967,843	-	207	-
Total cash at end of the year/period	13	**563,268,941**	**20,715,786**	**16,093**	**70,424**

Accounting Policies

1. Presentation of Consolidated and Separate Financial Statements

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards and the Bermuda Stock Exchange Listing Requirements. The consolidated and separate financial statements have been prepared on the historical cost basis, as modified by available for sale assets, financial assets and financial liabilities at fair value through profit and loss, and incorporate the principal accounting policies set out below. They are presented in South African Rands ("R").

These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 General

Southern View Finance Ltd., (the "company"), was incorporated in Bermuda in accordance with Bermuda's Business Companies Act 1981, on 10 January 2013. The company has been organised for the purpose of holding investments.

The company wholly owns three subsidiaries, Southern View Finance Mauritius Ltd, a company incorporated in accordance with the laws of Mauritius, Southern View Finance UK Ltd, a company incorporated in accordance with the laws of England and Wales, as well as Southern View Finance SA Holdings (Pty) Ltd, a company incorporated in accordance with the laws of South Africa.

The company's registered office is situated at 101 Front Street, Hamilton, HM12, Bermuda.

1.2 Consolidation

Basis of consolidation

The consolidated and separate financial statements incorporate the annual financial statements of the company and all investees which are controlled by the company.

The company has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries are included in the consolidated and separate financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Accounting Policies

1.2 Consolidation (continued)

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued.Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the consolidated and separate financial statements, management is required to make estimates and assumptions that affect the amounts presented in the consolidated and separate financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated and separate financial statements. Significant judgement include:

1.3 Significant judgements and sources of estimation uncertainty (continued)

i) Trade receivables and loans and advances

The group assesses its trade receivables and loans and advances for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

For trade and other receivables, evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The group deploys a roll-rate provisioning model on its loans and advances. This model arranges the debtors' portfolio into the various stages of delinquency of the individual customer accounts in the portfolio. A different level of provision is held against customer accounts in the different stages of delinquency. An incurred but not reported (IBNR) provision is held against customer accounts in a zero delinquency status. The result of this policy is that all accounts where a default event has occurred will carry an impairment against it.

ii) Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

iii) Impairment testing

Goodwill impairment reviews are undertaken annually or more frequently if events of changes in circumstances indicate an potential impairment.

The recoverable amounts of cash-generating units has been determined based on the value-in-use calculations. These calculations use pre-tax cashflow projections based on the financial budgets approved by management, covering a five-year period. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

1.3 Significant judgements and sources of estimation uncertainty (continued)

iv) Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.4 Accounting for subsidiaries

Subsidiaries are all entities over which Southern View Finance Ltd. has control. Southern View Finance Ltd. controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Further, in circumstances when an investee is designed so that voting rights are not the dominant factors in deciding who controls the investee, but the entity was created specifically to facilitate a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. Management have determined that it is appropriate to consolidate relevant securitisation vehicles.

Southern View Finance UK Ltd uses securitisations as a source of finance and a means of risk transfer. Such transactions result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Southern View Finance UK Ltd was party to securitisation transactions involving its loan balances. In these transactions, the beneficial interests in the cash flows arising from the assets are transferred to a special purpose entity, which then issues interest bearing debt securities to third-party investors. The securitised assets are not derecognised from the parent's balance sheet. A receivable is recognised by the special purpose vehicle for these assets.

1.5 Consolidated structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases it may sponsor or have exposure to such an entity but not consolidate it.

The Group has contractual arrangements which may require it to provide financial support to the following types of consolidated structured entities:

Securitisation vehicles
The Group uses securitisation as a source of financing and a means of risk transfer. Refer to Note 32 for further details on consolidated securitisation vehicles.

1.6 Fixed assets

The cost of an item of fixed assets is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and

1.6 Fixed assets (continued)

- the cost of the item can be measured reliably.

Fixed assets is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of fixed assets and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of fixed assets, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Fixed assets is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of fixed assets have been assessed as follows:

Item	Average useful life
Buildings	50
Furniture and fixtures	6
Motor vehicles	5
Office equipment	3 - 6
IT equipment	3
Leasehold improvements	2 - 3

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of fixed assets is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of fixed assets is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.7 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Internally generated software costs are capitalised as an intangible asset.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

1.7 Intangible assets (continued)

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, as follows:

Item	Useful life
Computer software - purchased	2 years
Computer software - internally generated	3 years
Trademark	Indefinite

1.8 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:
- Financial assets at fair value through profit or loss - held for trading
- Financial assets at fair value through profit or loss - designated
- Loans and receivables
- Financial liabilities as short term and long term borrowings

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Accounting Policies

1.8 Financial instruments (continued)

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Loans to (from) group companies

These include loans to and from subsidiaries.

Loans to subsidiaries are classified as loans and receivables. Loans and receivables are measured at amortised cost.

Loans from subsidiaries are classified as financial liabiltiies. Financial liabilities are measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents have original maturities of three months or less. These are initially and subsequently recorded at fair value.

Other financial liabilities

Other financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.8 Financial instruments (continued)

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss - held for trading.

Loans and advances

Loans and advances are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the loans and advances receivable is impaired.

The group deploys a roll-rate provisioning model. This model arranges the debtors' portfolio into the various stages of delinquency of the individual customer accounts in the portfolio. A different level of provision is held against customer accounts in the different stages of delinquency. An incurred but not reported (IBNR) provision is held against customer accounts in a zero delinquency status. The result of this policy is that all accounts where a default event has occurred will carry an impairment against it through an allowance account. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a loan or advance is uncollectable, it is written off against the allowance account for loans and advances. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Loans and advances are classified as loans and receivables.

1.9 Tax

Tax expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.
Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.10 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Accounting Policies

1.10 Leases (continued)

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.11 Impairment of non-financial assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Accounting Policies

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.14 Provisions and contingencies

Provisions are recognised when:

- the group has a present 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 obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.15 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method.

Transaction fees are recognised on an accrual basis in the period in which the services are rendered. The portion of loan origination fees that relate to the creation of a financial asset together with the related incremental transaction cost are amortised over the term of the loan on an effective yield basis.

Operating expenses are recorded on the accrual basis as they are incurred.

1.16 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Foreign currency translations

a) Functional and presentation currency

Items included in the consolidated and separate financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated consolidated and separate financial statements are presented in South African Rand (R) which is the group functional and presentation currency.

1.17 Foreign currency translations (continued)

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

The group changed its functional currency from US Dollar to South African Rand with effective date 1st July 2013. Therefore the opening balances have been retranslated as follows:

- Income and expenses have been retranslated using the average rate from the 5 February 2013 to 30 June 2013;
- Assets, liabilities and stated capital have been retranslated using the spot rate as at 30 June 2013;
- Retained earnings have been retranslated using the average rate from the 5 February 2013 to the 30 June 2013
- The difference between the retained earnings retranslated at spot rate and average rate has been adjusted to the foreign currency translation reserve account.

Since 2013 is the first set of financial statements, there is no restatement of prior year's opening balances.

1.18 Interests in subsidiaries

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

2. New Standards and Interpretations

2.1 Standards and Interpretations effective and adopted in the current year

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 13 'Fair Value Measurement' Fair value measurement and disclosure requirements	1 January 2013	Not material
• IAS 1 'Financial Statements Presentation regarding other comprehensive income' – New requirements: reclassification of items	1 January 2013	Not material
• IFRS 7 'Financial Instrument Disclosures' – Set off disclosure	1 January 2013	Not material
• IFRS 12 - Disclosure of interests in other entities	1 January 2013	Not material

2.2 Standards and interpretations not yet effective

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 'Financial Instruments' Recognition and measurement	1 January 2018	Not material
• IAS 16 'Property, plant and equipment' – Annual improvements 2010 - 2012 cycle – Amendments to IAS 16 and IAS 38 to clarify basis of calculation of depreciation and amortisation	1 January 2016	Not material
• IAS 24 'Related party disclosures' – Annual improvement 2010 - 2012 cycle	1 July 2014	Not material
• IAS 38 'Intangible assets' – Amendments to IAS 16 and IAS 38 to clarify basis of calculation of depreciation and amortisation	1 January 2016	Not material
• IFRS 15 'Revenue contracts from customers' – Revenue recognition and enhanced disclosures	1 January 2017	Not material
• IFRS 13 'Fair value measurement' – Annual improvements 2010 - 2012 cycle – Annual improvements 2011 - 2013 cycle	1 July 2014	Not material
• IAS 32 'Financial instruments presentation' – Clarify requirements for offsetting of financial assets and liabilities on the balance sheet	1 January 2014	Not material

3. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders.

Notes to the Consolidated And Separate Financial Statements

3. Risk management (continued)

The directors consider the shareholder's equity as capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The board of directors is responsible for risk management. Risk management is an important component of the process of delivering a return on shareholders' equity.

A system of internal controls has been implemented in the functional entities in the group in order to assist the board with its responsibility. The Audit and Risk committee, comprising four non-executive directors of which two are independent, has been established with one of its main functions to monitor and manage risk. This committee operates in compliance with a formal charter. The committee assists the board in reviewing the risk identification processes in the group and assessing the potential impact of risks identified.

Directors and managers contribute to risk management through sub-committees specifically established for this purpose. These sub-committees at the present time are:

- Credit committee: Assessing, monitoring and managing the credit risks on the debtors' portfolios.
- Operational risk committee: Assessing, monitoring and managing operational risks such as fraud and collection risks.

The group operates in a controlled environment with defined processes and procedures designed to achieve effective risk management. Regular reporting has been set up to enable risk monitoring and assessment to enhance the risk management processes.

Liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The board monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the group's debt financing plans. Forward exchange contracts have been entered by the group to hedge against the fluctuations in borrowings denominated in USD that will impact on the cash flow requirements of the company. The fair value of the derivative financial asset relating to the hedge has been disclosed under credit risk.

Southern View Finance UK Ltd entered into a receivables purchase agreement (securitisation) with Regency (an asset backed commercial paper conduit) by establishing a UK special purpose vehicle (Purchaser) The funding advanced under the senior loan is determined by a function of the loan book size, diversity, eligibility criteria and required reserving. Maximum facility: ZAR 500,000,000. For further details on the securitisation and the amount of loan collateral pledged, refer to Note 32.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The difference between the amounts payable on maturity as disclosed below and the borrowings at amortised costs as per note 16 relates to future finance costs.

3. Risk management (continued)

Group

At 30 June 2014	Less than 1 year	Between 1 and 2 years
Borrowings	1,048,466,151	352,520,178
Trade and other payables	110,974,792	-

At 30 June 2013	Less than 1 year
Trade and other payables	2,525,940

Company

At 30 June 2014	Less than 1 year
Loan from group company	46,268
Trade and other payables	522,019

At 30 June 2013	Less than 1 year
Loan from group company	15
Trade and other payables	6,797

Cash is available on demand and not exposed to liquidity risk.

Current funding is from a range of sources at company and group level. Sufficient equity has been introduced at group level and has been supplemented by third party funding arrangements from HSBC and RMB respectively. Current cash flow projections indicate sufficient capital and loan funding to ensure the liquidity of the company for the foreseeable future. Should a need arise for further liquidity the directors are confident that capital would be introduced by existing shareholders at group level. In addition, the directors are confident in the ability of the company to raise further loans should a need arise.

Interest rate risk

The group interest rate risk arises from borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates.

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on the post-tax profit of a 1% shift in the 3 month JIBAR and 3 month LIBOR USD interest rate of interest bearing debt would be a maximum increase of R25,076,042 or a decrease of R25,076,042 respectively.

3. Risk management (continued)

Credit risk

The group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Credit risk arises from trade and other receivables, loans and advances, related party debit loans, cash and cash equivalents and derivative financial instruments. Cash transactions are limited to high credit-quality financial institutions.

The group has no significant concentration of credit risk due to the following: The group commenced trading using a generic credit score from a reputable credit bureau on assessing new customers. The group have now progressed to a stage where a combination of the generic score and an internally developed score is being used. The intention is for all new customers to be scored via the group internal scorecard over time. The internally developed scorecard takes into account a number of specific criteria and indicators which have shown in the past that they are reliable indicators of risk on new customers. The group has also developed an internal credit scorecard for assessing the credit risk on repeat customers. The group acknowledges to have concentration of credit risk. However, the group believes that the risk is mitigated by credit risk scoring mentioned above.

The group's maximum exposure to credit risk is detailed in the table below:

Financial instrument	Group - 2014	Group - 2013	Company - 2014	Company - 2013
Loans and advances	1,338,690,444	-	-	-
Trade and other receivables	120,223,396	84,069	340,965	69,105
Loan to group company	-	-	189,900	28,316,459
Cash and cash equivalents	563,268,940	20,715,786	16,093	70,424
Derivative instrument	463,319	-	-	-

Loans and advances are not secured.

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the UK pound and the Mauritian Rupee. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The directors have set up a policy that requires the group to manage their foreign exchange risk against their functional currency. The group are required to hedge their foreign exchange risk exposure. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities use forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 30 June 2014, if the currency had weakened/strengthened by 1% against the US dollar with all other variables held constant, post-tax profit for the year would have been R4,044,444 higher or R4,044,444 lower, mainly as a result of foreign exchange losses/gains on translation of US dollar-denominated borrowings.

The subsidiary, Southern View Finance UK Ltd, has entered into a foreign currency swap from the USD denominated loans to hedge against the fluctuations in the USD exchange rate against the rand. Refer to note 8.

Notes to the Consolidated And Separate Financial Statements

3. Risk management (continued)

Foreign currency exposure at the end of the reporting period

Current assets	**Group 2014**	**Group 2013**	**Company 2014**	**Company 2013**
HSBC GBP account	688,495	-	-	-
HSBC USD account	53,802,725	-	-	-
Liabilities				
Bridging loan (USD)	187,855,031	-	-	-
Rand Merchant Bank a division of FirstRand Bank Limited loan (USD)	317,700,476	-	-	-
Trade payables (GBP)	22,209	-	-	-
Trade payables (USD)	1,958	-	-	-

Exchange rates used for conversion of foreign items were:

USD to ZAR	10.58	9.87
GBP to ZAR	18.39	
ZAR to MUR	2.91	

Price risk

Price risk is the risk that the group is exposed to market risk on financial instruments,that are valued at market prices. Specifically, a risk exists that the ultimate selling price of such financial instrument may differ from their estimated fair values at the reporting dates. The group has no significant price risk as its largest financial asset at reporting date is loans and advances, which are carried at amortised cost, not at fair value.

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014	2013	2014	2013
	R	R	R	R

4. Fixed assets

Group	2014			2013		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	98,271,419	(1,290,494)	96,980,925	-	-	-
Furniture and fixtures	176,648	(33,490)	143,158	176,595	(3,683)	172,912
Motor vehicles	451,167	(95,912)	355,255	-	-	-
Office equipment	8,219,710	(2,361,362)	5,858,348	8,584	(119)	8,465
IT equipment	22,002,218	(5,546,125)	16,456,093	203,971	(11,331)	192,640
Leasehold improvements	4,669,175	(4,587,191)	81,984	89,345	(5,206)	84,139
Total	**133,790,337**	**(13,914,574)**	**119,875,763**	**478,495**	**(20,339)**	**458,156**

Reconciliation of fixed assets - Group - 2014

	Opening balance	Additions	Additions through business combinations	Depreciation	Total
Buildings	-	37,102,169	61,169,286	(1,290,530)	96,980,925
Leasehold property	-	-	447,546	(447,546)	-
Furniture and fixtures	172,912	-	-	(29,754)	143,158
Motor vehicles	-	48,415	372,025	(65,185)	355,255
Office equipment	8,465	3,962,508	2,994,175	(1,106,800)	5,858,348
IT equipment	192,640	8,527,723	10,825,014	(3,089,284)	16,456,093
Leasehold improvements	84,139	107,367	-	(109,522)	81,984
	458,156	**49,748,182**	**75,808,046**	**(6,138,621)**	**119,875,763**

Reconciliation of fixed assets - Group - 2013

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	-	176,595	(3,683)	172,912
Office equipment	-	8,584	(119)	8,465
IT equipment	-	203,971	(11,331)	192,640
Leasehold improvements	-	89,345	(5,206)	84,139
	-	**478,495**	**(20,339)**	**458,156**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014 R	2013 R	2014 R	2013 R

5. Goodwill

Group	2014			2013		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	17,827,548	-	17,827,548	-	-	-

Reconciliation of goodwill - Group - 2014

	Opening balance	Additions through business combinations	Total
Goodwill	-	17,827,548	17,827,548

Goodwill impairment reviews are undertaken annually or more frequently if events of changes in circumstances indicate a potential impairment.

The recoverable amount of CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

Goodwill was derived through a business combination transaction with the sale of some of the assets and liabilities of Capfin (Pty) Ltd to one of the subsidiaries of this group. An amount of R37,000,000 was paid, mainly for the acquisition of Capfin (Pty) Ltd's fixed assets to the value of R19,234,554. The discounted cash flow model was used in determining the value of the selling price.

6. Intangible assets

Group	2014			2013		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software purchased	8,483,599	(4,190,584)	4,293,015	161,541	(13,282)	148,259
Computer software internally generated	27,625,103	(15,046,141)	12,578,962	-	-	-
Trademark	7,800,000	-	7,800,000	-	-	-
Total	**43,908,702**	**(19,236,725)**	**24,671,977**	**161,541**	**(13,282)**	**148,259**

Reconciliation of intangible assets - Group - 2014

	Opening balance	Additions	Additions through business combinations	Amortisation	Total
Computer software purchased	148,259	2,557,375	4,508,708	(2,921,327)	4,293,015
Computer software internally generated	-	4,837,453	13,537,348	(5,795,839)	12,578,962

Notes to the Consolidated And Separate Financial Statements

		Group		Company	
		2014	2013	2014	2013
		R	R	R	R
Trademark	-	7,800,000	-	-	7,800,000
	148,259	15,194,828	18,046,056	(8,717,166)	24,671,977

Reconciliation of intangible assets - Group - 2013

	Opening balance	Additions	Amortisation	Total
Computer software purchased	-	161,541	(13,282)	148,259

Trademark

It is the intention of the SVF group to distribute current and future products in RSA under the Capfin brand indefinitely.

7. Interests in subsidiaries

The following table lists the entities which are controlled by the company, either directly or indirectly through subsidiaries. The investments in subsidiaries were assessed for impairment and the directors concluded that the investments were not impaired.

Company

Name of company	% holding 2014	% holding 2013	Carrying amount 2014	Carrying amount 2013
Southern View Finance Mauritius Ltd	100.00 %	100.00 %	28,317,446	987
Southern View Finance UK Ltd	100.00 %	100.00 %	570,000,015	15
Southern View Finance SA Holdings (Pty) Ltd	100.00 %	- %	70,000,000	-
			668,317,461	1,002

Reporting period

The significant movement in the carrying value of the subsidiaries is due to significant recapitalisation due to funding from the parent.

8. Other financial assets

At fair value through profit or loss - designated				
Unlisted shares	17,328,965	-	-	-
Investment in K2013137280 (Pty) Ltd				
At fair value through profit or loss - held for trading				
Derivative	463,319	-	-	-
Total other financial assets	**17,792,284**	-	-	-

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014 R	2013 R	2014 R	2013 R
8. Other financial assets (continued)				
Non-current assets				
Designated as at fair value through profit or loss (fair value through income)	17,328,965	-	-	-
Current assets				
Held for trading (fair value through income)	463,319	-	-	-
	17,792,284	-	-	-

Fair value information

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

The following classes of financial assets at fair value through profit or loss are measured to fair value using quoted market prices:

- Class 1 Unlisted shares
- Class 2 Unlisted debentures

Where quoted market prices are not available, valuation techniques are used to determine fair value, as explained below:

The fair value of unlisted shares are determined using the following method. The group acquired 37.62% of the A shareholding in a private unlisted company K2013137280 (Pty) Ltd. K2013137280 (Pty) Ltd has an investment in Southern View Finance Ltd that is listed in Bermuda. This is the only asset that K2013137280 (Pty) Ltd holds. Therefore, the valuation of the financial asset held is directly related to the shares that K2013137280 (Pty) Ltd holds in the ultimate holding company. The amount paid to purchase these shares was directly related to the issue price of the listed Southern View Finance Ltd shares and there hasn't been any material change in the underlying share price of these listed shares. The fair value of the shares acquired that directly relates to this financial asset would therefore not have materially changed since acquisition. Therefore the directors feel that the cost of this investment would approximate the fair value of the investment. The shares of Southern View Finance Ltd is not deemed to be liquid and hence the investment is categorised as level 3.

The group has entered into a foreign currency swap from the USD denominated loans to hedge against the fluctuations in the USD exchange rate against the rand. The fair value of forward foreign exchange contracts are determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

Fair value hierarchy of financial assets at fair value through profit or loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014 R	2013 R	2014 R	2013 R
8. Other financial assets (continued)				
Level 2				
Class 2 Trading derivatives: Foreign exchange contracts	463,319	-	-	-
Level 3				
Class 1 Investment in unlisted shares	17,328,965	-	-	-
	17,792,284	-	-	-

9. Deferred tax

Deferred tax asset

Tax losses available for set off against future taxable income	4,260,969	-	-	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax asset	4,260,969	-	-	-

Reconciliation of deferred tax asset / (liability)

Originating temporary difference movement on property, plant and equipment and intangible assets	(776,262)	-	-	-
Originating temporary difference on prepaid expenses	(564,001)	-	-	-
Originating temporary difference on leave pay, bonus, audit fee and general provisions	5,601,232	-	-	-
	4,260,969	-	-	-

It is more likely than not that the group is expected to be profitable in the foreseeable future.

10. Loans to (from) group companies

Subsidiaries

Southern View Finance Mauritius Ltd	-	-	(46,268)	28,316,459
Southern View Finance UK Ltd	-	-	189,900	(15)
	-	-	**143,632**	**28,316,444**

The loans are unsecured, bear no interest and no formal terms of repayment exist.

Current assets	-	-	189,900	28,316,459

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014	2013	2014	2013
	R	R	R	R

10. Loans to (from) group companies (continued)

Current liabilities	-	-	(46,268)	(15)
	-	-	**143,632**	**28,316,444**

The maximum exposure to credit risk at the reporting date are the fair value of the loans mentioned above. The company does not hold any collateral as security.

11. Trade and other receivables

Trade receivables	118,829,478	49,338	311,083	49,338
Other receivables	1,393,918	34,731	29,882	19,767
Prepayments	3,276,511	50,160	-	-
Deposits	4,595,296	85,257	-	-
South African Revenue Service - VAT	9,264,408	-	-	-
	137,359,611	**219,486**	**340,965**	**69,105**

Fair value of trade and other receivables

The carrying amount of trade and other receivables approximates its fair value.

Trade and receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

1 month past due	17,003,294	-	-	-
2 months past due	21,866,458	-	-	-
3 months past due	16,195,716	-	-	-
More than 3 months past due	7,912,033	-	-	-
	62,977,501	-	-	-

12. Loans and advances

Loans and advances	1,596,022,481	-	-	-
Provision for impairment	(257,332,037)	-	-	-
	1,338,690,444	-	-	-

The carrying amount of the loans and advances that are securitised as collateral at 30 June 2014 is R1,012,611,360. In the event of default by Southern View Finance UK Ltd, issued debt holders would have recourse to the interest and principal repayments from these underlying loans. See note 32.

Fair value of loans and advances

The carrying amount of loans and advances approximates its fair value.

Loans and advances past due but not impaired

Loans and advances which are not past due amounts to R1,224,298,705.

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014	2013	2014	2013
	R	R	R	R

12. Loans and advances (continued)

No loans and advances are past due, not impaired.

The provisioning model employed by SVF results in the following impairment levels provided at each respective level of delinquency:

6 Month portfolio

Delinquency	Impairment
zero	2.87%
1	35.73%
2	70.27%
3	84.82%
4+	97.98%

24 Month portfolio

Delinquency	Impairment
zero	1.3%
1	42.2%
2	79.24%
3	89.68%
4+	96.24%

Loans and advances impaired

As of 30 June 2014, an impairment provision of R 257,332,037 (2013: R -) was raised against doubtful loans.

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3,154	-	-	-
Bank balances	547,165,308	20,715,786	16,093	70,424
Short-term deposits	16,100,479	-	-	-
	563,268,941	**20,715,786**	**16,093**	**70,424**

	Group		Company	
	2014 R	2013 R	2014 R	2013 R

13. Cash and cash equivalents (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired, can be assessed by reference to CAMEL's, Standard and Poor's and Fitch's National Long Term credit ratings.

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Credit rating				
First National Bank - a division of FirstRand Bank Limited (Fitch rating BBB)	160,605,793	-	-	-
HSBC Bank Plc (Fitch rating AA-)	401,717,916	-	-	-
HSBC Bank (Mauritius) Limited (CAMEL rating 2+)	180,724	305,498	-	-
The Hongkong and Shanghai Banking Corporation Limited (Fitch rating AA-)	745,259	20,339,864	-	-
Bank of Saint Lucia International Limited (Fitch rating BBB)	-	70,424	-	70,424
HSBC Bank Bermuda Limited (S&P rating A+/negative/A-1)	16,093	-	16,093	-
	563,265,785	**20,715,786**	**16,093**	**70,424**

14. Share capital

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Reconciliation of number of shares issued:				
Reported as at 01 July 2013	3,050,000	-	3,050,000	-
Issue of shares – ordinary class A shares	52,249,671	3,050,000	52,249,671	3,050,000
Issue of shares – ordinary class B shares	14,000,000	-	14,000,000	-
Issue of shares – ordinary class A shares in subsidiary not owned by group	140,000	-	-	-
	69,439,671	**3,050,000**	**69,299,671**	**3,050,000**
Authorised and issued				
55,299,671 Ordinary Class A shares of R0.001 each	55,153	3,010	55,153	3,010
14,000,000 Ordinary Class B shares of R0.001 each	14,697	-	14,697	-
140,000 Ordinary Type A shares of no par value	10,000	-	-	-
Share premium	678,595,120	30,092,865	678,595,120	30,092,865
	678,674,970	**30,095,875**	**678,664,970**	**30,095,875**

14. Share capital (continued)

Authorised Share Capital:
a) 5,000,000,000 (five billion) common Class A Shares with a par value of US$0.0001 each;
b) 20,000,000 (twenty million) common Class B Shares with a par value of US$0.0001 each

Issued Share Capital:
3,050,000 Ordinary common Class A shares were issued in 2013. A further 52,249,671 Class A shares were issued and authorised in 2014. 14,000,000 Ordinary common Class B shares were also issued and authorised in 2014.

Rights for Class A shares
- the right to 1 (one) vote at a meeting of the Shareholders of the Company or on any Shareholders' Resolution save and except for meetings of Class B Shareholders and/or Shareholders' Resolutions in respect of which only Class B Shareholders may vote
- the right to such dividends after payment of preferential dividends for Class B shares as the Board may from time to time declare; and

Rights for Class B shares
The following terms, conditions, rights and privileges attach to the Class B Shares:
1. The Class B Shares shall have the same rights that attach to all other common Shares:
1.1 save and except that, for so long as there are issued Class B Shares and any securities of the Company are listed on the JSE:
1.1.1 the Class B Shares shall not be entitled to vote on any resolution taken by the Company save and except in the circumstances:
a) during the period commencing on the date upon which the dividend ought to have been paid, had it been declared and ending upon payment of the relevant distribution.
b) in regard to any resolution proposed for the winding-up of the Company or the reduction of its capital; and/or as
c) otherwise required pursuant to the Act.
In circumstances where the Class B Shares are permitted to vote, each Class B Share shall not carry any special rights or privileges and each Class B Shareholder shall be entitled to 1 (one) vote for each Class B Share held, provided that the total voting right of the Class B Shareholders shall not exceed 24.99% of the total voting rights of all shareholders exercised on the resolution;

Rights for dividends
The Class B Shares shall entitle the Class B Shareholders to the following preferential distributions on the relevant Distribution Date, subject thereto that the Directors determine, in their sole discretion, by Directors' resolution, that such preferential distribution shall be authorised and paid, which preferential distributions shall rank prior to and be paid in advance of any dividend or distribution paid in respect of any other common Shares,

Distribution Formula" means X = A x 0,000001%
X = the distribution payable per Class B Share; and
A = the net after tax profits of the Company on a consolidated basis (including the deduction of any cumulative retained losses).

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014 R	2013 R	2014 R	2013 R

15. Foreign currency translation reserve

Translation reserve comprises exchange differences in translation of the previous functional currency of the company (USD) into the presentation currency (ZAR). The translation reserve arose since the company changed the 2013 functional and presentation currency from USD to ZAR.

Opening balance	(747,630)	-	(111,043)	-
Movement in reserve	-	(747,630)	-	(111,043)
	(747,630)	**(747,630)**	**(111,043)**	**(111,043)**

16. Other financial liabilities

Held at amortised cost				
i) Rand Merchant Bank a division of FirstRand Bank Limited The loan bears interest at JIBAR plus 2.5%, compounded quarterly in arrears. The loan will be repaid within the next 6 months.	100,000,000	-	-	-
ii) Loan facility with FirstRand Bank Limited and The Standard Bank of South Africa Limited The loan bears interest at 3 month JIBAR plus 2.5%. The loan will be repaid within the next 18 months on 15 October 2015.	318,630,151	-	-	-
iii) First Rand Bank Limited Bridge Loan facility The loan bears interest at 3 month LIBOR USD plus 2.6%. The loan will be repaid within the next 12 months.	187,855,030	-	-	-
iv) First Rand Bank Limited Bridge Loan facility The loan bears interest at 3 month LIBOR USD plus 2.6%. The loan will be repaid within the next 12 months.	317,875,037	-	-	-
v) Regency Assets Limited The loan bears a senior loan interest rate of JIBAR 1month plus 0.5% plus 3.25%. The loan will be repaid within the next 12 months, on 29 April 2015. The loan is secured with loans and advances amounting to R1,012,611,360 at 30 June 2014.	400,802,603	-	-	-
	1,325,162,821	-	-	-
Non-current liabilities				
At amortised cost	318,630,151	-	-	-
Current liabilities				
At amortised cost	1,006,532,670	-	-	-
	1,325,162,821	-	-	-

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014	2013	2014	2013
	R	R	R	R

17. Current tax payable

At 30 June 2014 an amount of R5,620,871 was payable for income tax.

18. Trade and other payables

Trade payables	88,388,297	2,521,963	214,306	6,797
VAT	4,211,134	-	-	-
Initiation fees received in advance	40,184,092	-	-	-
Accrued leave pay	3,159,224	-	-	-
Auditors remuneration	413,400	-	-	-
Guaranteed bonus provision	15,050,316	-	-	-
Guaranteed fee accrual	5,509,956	-	-	-
Other payables	16,663,139	3,977	307,713	-
	173,579,558	**2,525,940**	**522,019**	**6,797**

19. Revenue

Interest received	436,690,692	-	-	-
Service fees earned	15,765,501	-	-	-
Loan and transaction fees	353,860,292	-	-	-
	806,316,485	**-**	**-**	**-**

20. Other income

Profit and loss on exchange differences	-	82,167	-	-
Sundry income	-	911	-	911
Bargain purchase of subsidiary	18,559,422	-	-	-
	18,559,422	**83,078**	**-**	**911**

Recoveries consist of recoveries on loans that were handed over for recovery.

21. Operating expenses

Consulting and professional fees	(30,540,717)	(8,134,965)	(6,447,848)	(580,928)
Transaction costs	(56,634,019)	-	-	-
Distribution fees	(36,407,216)	-	-	-
Marketing	(35,816,710)	-	-	-
Outsourcing fees	(24,133,633)	-	-	-
Listing and placement fees	(1,458,130)	(774,539)	(1,458,130)	(774,539)
Other operating expenses	(160,117,357)	(1,506,072)	(842,948)	(180,098)
	(345,107,782)	**(10,415,576)**	**(8,748,926)**	**(1,535,565)**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014 R	2013 R	2014 R	2013 R

22. Impairment on loans

Provision for impairment of loans	(257,332,037)			
Net bad debts written off	(118,051,921)			
	(375,383,958)	-	-	-

23. Operating profit (loss)

Operating profit (loss) for the year is stated after accounting for the following:

Operating lease charges				
Premises				
• Contractual amounts	4,037,432	149,707	-	-
Audit fees	1,249,492	57,971	274,123	57,971
Amortisation on intangible assets	8,717,166	13,282	-	-
Depreciation on property, plant and equipment	6,138,621	20,339	-	-
Employee costs	59,735,775	222,588	252,972	92,017

24. Investment revenue

Interest revenue				
Bank	6,251,339	-	25,785	-

25. Finance costs

Interest paid	4,255	-	-	-
Interest paid - Rand Merchant Bank a division of FirstRand Bank Limited	46,346,902	-	-	-
Fair value gain on derivative	(463,319)	-	-	-
	45,887,838	-	-	-

26. Taxation

Major components of the tax expense

Current				
Income tax - current period	17,219,192	-	-	-
Deferred				
Originating and reversing temporary differences	(4,260,969)	-	-	-
	12,958,223	-	-	-

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014 R	2013 R	2014 R	2013 R

26. Taxation (continued)

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit/(loss)	64,747,668	(10,332,498)	(8,723,141)	(1,534,654)
Tax at the applicable rate				
Tax at the company's applicable tax rate	-	-	-	-
Impact of different tax rates for the various jurisdictions	13,962,102	(1,319,677)	-	-
Foreign subsidiaries' tax effect of adjustments on taxable income				
Permanent differences	(434,702)	-	-	-
Expenses not deductible	1,185,596	-	-	-
Effects of other tax rates	47,198	-	-	-
Foreign exchange movement	99,524	-	-	-
Foreign tax credits	(1,494,357)	1,055,741	-	-
Add/Less unrealised loss/(gain)	608	(2,402)	-	-
Fines and penalties	36	-	-	-
Unrecognised deferred tax	2,206	(5,892)	-	-
Setup costs	-	5,586	-	-
unrecognised tax loss	-	266,644	-	-
Tax loss from prior year recognised	(266,644)	-	-	-
Income not taxable	(143,344)	-	-	-
	12,958,223	-	-	-

27. Earnings per share

Net profit after tax	51,789,445	(10,332,498)	(8,723,141)	(1,534,654)
Net profit after tax attributable to ordinary shareholders	**51,789,445**	**(10,332,498)**	**(8,723,141)**	**(1,534,654)**
Weighted average number of ordinary shares in issue	42,386,773	2,133,430	42,386,773	2,133,430
Weighted average number of ordinary share for basic and diluted earnings per share	**42,386,773**	**2,133,430**	**42,386,773**	**2,133,430**
Basic earnings per share (cents)	**122**	**(484)**	**(21)**	**(72)**
Diluted earnings per share (cents)	**122**	**(484)**	**(21)**	**(72)**

Basic earnings per share are calculated by dividing the net profit after tax attributable to ordinary equity holders by the weighted average number of ordinary shares in issue.

	Group		Company	
	2014	2013	2014	2013
	R	R	R	R

27. Earnings per share (continued)

To calculate diluted earnings per share, the net profit after tax attributable to ordinary equity shareholders is divided by the weighted average number of ordinary shares in issue adjusted to assume conversion of all potentially dilutive ordinary shares. Potentially dilutive shares consist of share options. The number of shares that could have been acquired at fair value (the average annual share price of the company's shares) is determined based on the monetary value of the subscription rights attached to outstanding options. The result is compared to the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the weighted average number of shares as an issue of ordinary shares for no consideration. No adjustment is made to earnings. There were no share options in the current and prior period.

28. Headline earnings attributable to ordinary shareholders

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Net profit attributable to ordinary shareholders	51,789,445	(10,332,498)	(8,723,141)	(1,534,654)
IAS earnings	**51,789,445**	**(10,332,498)**	**(8,723,141)**	**(1,534,654)**
Non-headline items:				
IFRS 3 gain on Bargain purchase	18,559,422	-	-	-
Headline earnings	**33,230,023**	**(10,332,498)**	**(8,723,141)**	**(1,534,654)**
Basic headline earnings per share (cents)	**78**	**(484)**	**(21)**	**(72)**
Diluted headline earnings per share (cents)	**78**	**(484)**	**(21)**	**(72)**

29. Cash used in operations

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Profit (loss) before taxation	64,747,668	(10,332,498)	(8,723,141)	(1,534,654)
Adjustments for:				
Depreciation and amortisation	14,855,787	33,619	-	-
Loss (profit) on foreign exchange	6,552,497	(80,661)	1,368	1,506
Interest received	(6,251,339)	-	(25,785)	-
Finance costs	46,351,157	-	-	-
Movement in foreign currency translation reserve	-	(747,630)	-	(111,043)
Provision for impairment	257,332,037	-	-	-
Other non-cashflow items	-	-	8,434,016	-
Changes in working capital:				
Trade and other receivables	(145,660,465)	(138,825)	(272,223)	(70,611)
Movement in loans and advances	(1,596,022,481)	-	-	-
Trade and other payables	171,053,618	2,525,942	516,347	6,797
Business combination assumed liability	(62,065)	-	-	-
Derivative financial instrument	(463,319)	-	-	-
	(1,187,566,905)	**(8,740,053)**	**(69,418)**	**(1,708,005)**

	Group		Company	
	2014 R	2013 R	2014 R	2013 R

30. Auditors' remuneration

Fees	1,075,441	57,971	274,123	57,971
Consulting	74,900	-	-	-
Tax services	99,151	-	-	-
	1,249,492	**57,971**	**274,123**	**57,971**

31. Business combinations

Capfin (Pty) Ltd

On 30 September 2013 the group acquired an indivisable whole of a business division of Capfin (Pty) Ltd as a going concern for the purchase price of R37,000,000. Capfin (Pty) Ltd is principally involved in the microlending industry.

Goodwill of R 17,827,548 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

Fair value of assets acquired and liabilities assumed

Fixed assets	6,826,862	-	-	-
Intangible assets	12,407,655	-	-	-
Assumed liability	(62,065)	-	-	-
Total identifiable net assets	19,172,452	-	-	-
Goodwill	17,827,548	-	-	-
	37,000,000	-	-	-

Southern View Finance SA Holdings (Pty) Ltd

On 01 January 2014 the group acquired Southern View Finance SA Holdings (Pty) Ltd as a going concern for the purchase price of R69,011,390. Southern View Finance SA Holdings group is principally engaged in a call centre business, insurance business, low cost financial services products and credit management and payment solutions.

Bargain purchase of R18,559,422 was recognised upon purchase of the Southern View Finance SA Holdings group as a result of the value of the group exceeding the purchase price, as follows:

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014 R	2013 R	2014 R	2013 R

31. Business combinations (continued)

Fair value of assets acquired and liabilities assumed

Fixed assets	75,808,046	-	-	-
Intangible assets	18,046,056	-	-	-
Goodwill	17,827,548	-	-	-
Trade and other receivables	52,143,167	-	-	-
Cash and cash equivalents	50,049,042	-	-	-
Third party loans	(100,000,000)	-	-	-
Other financial liabilities	(26,303,047)	-	-	-
Total identifiable net assets	87,570,812	-	-	-
Bargain purchase	(18,559,422)	-	-	-
	69,011,390	**-**	**-**	**-**

32. Consolidation of subsidiaries

On 29 April 2014, the Southern View Finance UK Ltd ("SVF UK") executed a securitisation agreement, which saw the creation of SVF Securitisation Limited. In applying the requirements of IFRS 10, management decided to consolidate the special purpose vehicle. This was on the basis that SVF UK has the power and the exposure to variable returns through being junior trance purchaser, performing the duties as elected cash manager and having the ability to increase or decrease the securitised loan pool to a maximum of R500m at their discretion.

Balances included within loans and advances represent securitisations where substantially all the risks and rewards of the asset have been retained by the Group. The relationship between the transferred assets and the associated liabilities is that holders of notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their notes. Retained interests in loans and advances are securities which represent a continuing exposure to the prepayment and credit risk in the underlying securitised assets. The carrying amount of the loans and advances that are securitised as collateral at 30 June 2014 is R1,012,611,360. In the event of default by SVF UK, issued debt holders would have recourse to the interest and principal repayments from these underlying loans.

The nominee shareholder is Deutsche International Finance (Ireland) Limited.

33. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due				
- within one year	327,430	379,563	-	-
- in second to fifth year inclusive	-	327,430	-	-
	327,430	**706,993**	**-**	**-**

Operating lease payments represent rentals payable by the group for certain of its office properties. For most of the group however the lease rental contracts are renewable on a month to month basis.The terms and conditions with regards to the monthly rental amounts and escalations will be determined with each renewal.

There were no other capital commitments at year end.

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014	2013	2014	2013
	R	R	R	R

34. Comparative figures

The 2013 comparative figures have been restated as the prior year financial statements were presented in USD, the company's functional currency. During the year, the functional and presentation currency changed from USD to Rand. For comparison purposes, the prior year figures have been presented in Rand. All exchange differences were taken to the foreign currency translation reserve.

35. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is of sound financial position and that it has access to sufficient funds to meet its foreseeable cash requirements. The directors are not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

36. Events after the reporting period

The Board has evaluated events occurring through to the date the financial statements were available to be issued, and determined that no subsequent events occurred that would require recognition or disclosure in these financial statements.

37. Tax paid

Current tax for the year recognised in profit or loss	(17,219,192)	-	-	-
Balance at end of the year	5,620,871	-	-	-
	(11,598,321)	**-**	**-**	**-**

38. Directors' emoluments

The directors emoluments disclosed below only includes directors who have been remunerated by the company. Note that directors who have not been remunerated by the company have provided services which are incidental to the company and therefore an apportionment has been made. They have been remunerated by the companies where they are employed, and no termination benefits have been paid to directors who resigned during the period.

Executive

Directors emoluments

	Group 2014	Group 2013	Company 2014	Company 2013
Executive				
Short term emoluments	22,536,956	106,769	662,180	-
Non-executive				
Short term emoluments	252,972	92,017	252,972	92,017
	22,789,928	**198,786**	**915,152**	**92,017**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014 R	2013 R	2014 R	2013 R

39. Related parties

Relationships

Subsidiaries	Refer to note 7
Related party with common shareholder	Southern View Finance SA (Pty) Ltd Southern View Finance SA Wallet (Pty) Ltd Southern View Finance SA Insurance Ltd K2014074508 (Pty) Ltd
Related party with common ultimate shareholder	Pepkor Retail (Pty) Ltd Capfin (Pty) Ltd
Ultimate beneficial owner	Brait Mauritius Limited Titan Guarantors
Members of key management	James Keyes Gregory Tolaram James Robert Bareham Hermanus Roelof Willem Troskie Samuel Sithole Hendrik van der Merwe Scholtz

Related party balances

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Loan accounts - Owing (to) by related parties				
Southern View Finance Mauritius Ltd	-	-	(46,268)	28,316,459
Southern View Finance UK Ltd	-	-	189,900	(15)
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Pepkor Retail (Pty) Ltd	(36,822,584)	-	-	-
Capfin (Pty) Ltd	5,454,362	-	-	-
Other payables - Guarantee fee				
Brait Mauritius Limited	(5,509,956)	-	-	-
Titan Guarantors	(2,568,945)	-	-	-

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
	2014 R	2013 R	2014 R	2013 R

39. Related parties (continued)

Related party transactions

Expenses paid for the company by related parties				
Southern View Finance Mauritius Ltd	-	-	46,268	-
Southern View Finance UK Ltd	-	-	8,390,463	-
Expenses paid by company on behalf of related party				
Capfin (Pty) Ltd	(10,407,415)	-	-	-
Expenses paid on behalf of company by related party				
Capfin (Pty) Ltd	8,496,724	-	-	-
Guarantee fee expense				
Brait Mauritius Limited	1,426,274	-	-	-
Titan Guarantors	2,139,411	-	-	-
License fee paid				
Capfin (Pty) Ltd	2,300,000	-	-	-
Services rendered to related party				
Capfin (Pty) Ltd	72,448,501	-	-	-
Distribution fee expense				
Pepkor Retail (Pty) Ltd	36,407,216	-	-	-
Copyright fee expense				
Pepkor Retail (Pty) Ltd	415,368	-	-	-
Compensation to directors and other key management				
Short-term employee benefits	22,789,928	198,786	915,152	92,017

40. Segment reporting

The group includes only one segment which is that of micro-finance, all IFRS 8 disclosure requirements are already included in the financial statements.

Notes to the Consolidated And Separate Financial Statements

41. Categories of financial instruments

	Notes	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Categories of financial instruments - Group - 2014						
Assets						
Non-Current Assets						
Property, plant and equipment	4	-	-	-	119,875,763	119,875,763
Goodwill	5	-	-	-	17,827,548	17,827,548
Intangible assets	6	-	-	-	24,671,977	24,671,977
Other financial assets	8	17,328,965	-	-	-	17,328,965
Deferred tax	9	-	-	-	4,260,969	4,260,969
		17,328,965	**-**	**-**	**166,636,257**	**183,965,222**
Current Assets						
Other financial assets	8	463,319	-	-	-	463,319
Trade and other receivables	11	-	120,223,396	-	17,136,215	137,359,611
Loans and advances	12	-	1,338,690,444	-	-	1,338,690,444
Cash and cash equivalents	13	-	563,268,941	-	-	563,268,941
		463,319	**2,022,182,781**	**-**	**17,136,215**	**2,039,782,315**
Total Assets		**17,792,284**	**2,022,182,781**	**-**	**183,772,472**	**2,223,747,537**

	Notes	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Equity and non financial assets and liabilites	Total
41. Categories of financial instruments (continued)						
Equity and Liabilities						
Equity						
Equity Attributable to Equity Holders of Parent:						
Share capital	14	-	-	-	678,674,970	678,674,970
Foreign currency translation reserve	14	-	-	-	(747,630)	(747,630)
Retained income	14	-	-	-	41,456,947	41,456,947
		-	-	-	**719,384,287**	**719,384,287**
Total Equity		-	-	-	**719,384,287**	**719,384,287**
Liabilities						
Non-Current Liabilities						
Other financial liabilities	16	-	-	318,630,151	-	318,630,151
Current Liabilities						
Other financial liabilities	16	-	-	1,006,532,670	-	1,006,532,670
Current tax payable	17	-	-	-	5,620,871	5,620,871

Notes to the Consolidated And Separate Financial Statements

	Notes	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Equity and non financial assets and liabilites	Total
41. Categories of financial instruments (continued)						
Trade and other payables	18	-	-	110,974,792	62,604,766	173,579,558
		-	-	**1,117,507,462**	**68,225,637**	**1,185,733,099**
Total Liabilities		-	-	**1,436,137,613**	**68,225,637**	**1,504,363,250**
Total Equity and Liabilities		-	-	**1,436,137,613**	**787,609,924**	**2,223,747,537**

Categories of financial instruments - Company - 2014

	Notes	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Equity and non financial assets and liabilites	Total
Assets						
Non-Current Assets						
Investments in subsidiaries	7	-	-	-	668,317,461	668,317,461
Current Assets						
Loans to group companies	10	-	189,900	-	-	189,900
Trade and other receivables	11	-	340,965	-	-	340,965
Cash and cash equivalents	13	-	16,093	-	-	16,093
		-	**546,958**	-	-	**546,958**
Total Assets		-	**546,958**	-	**668,317,461**	**668,864,419**

Notes to the Consolidated And Separate Financial Statements

	Notes	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Equity and non financial assets and liabilites	Total
41. Categories of financial instruments (continued)						
Equity and Liabilities						
Equity						
Equity Attributable to Equity Holders of Parent:						
Share capital	14	-	-	-	678,664,970	678,664,970
Foreign currency translation reserve	14	-	-	-	(111,043)	(111,043)
Retained income	14	-	-	-	(10,257,795)	(10,257,795)
		-	-	-	**668,296,132**	**668,296,132**
Total Equity		-	-	-	**668,296,132**	**668,296,132**
Liabilities						
Current Liabilities						
Loans from group companies	10	-	-	46,268	-	46,268
Trade and other payables	18	-	-	522,019	-	522,019
		-	-	**568,287**	-	**568,287**
Total Liabilities		-	-	**568,287**	-	**568,287**
Total Equity and Liabilities		-	-	**568,287**	**668,296,132**	**668,864,419**