Statement of responsibility by the Board of Directors

The directors of Business Partners Limited are responsible for the preparation of the Group and separate annual financial statements. In discharging this responsibility, the directors rely on management to prepare the annual financial statements in accordance with International Financial Reporting Standards ('IFRS') and for keeping adequate accounting records in accordance with the Company's system of internal control. As such, the annual financial statements include amounts based on judgments and estimates made by management.

In preparing the annual financial statements, suitable accounting policies have been applied and reasonable estimates have been made by management. The directors approve significant changes to accounting policies. However, there were no changes to accounting policies during the financial year. The financial statements incorporate full and responsible disclosure in line with the Company's philosophy on corporate governance.

The directors are responsible for the Company's system of internal control. To enable the directors to meet these responsibilities, the directors set the standards for internal control to reduce the risk of error or loss in a cost-effective manner. The standards include the appropriate delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company.

Based on the information and explanations given by management and the internal auditors, the directors are of the opinion that the internal controls are adequate and that the financial records may be relied on in preparing the annual financial statements in accordance with IFRS and maintaining accountability for the Company's assets and liabilities. Nothing has come to the attention of the directors to indicate any breakdown in the functioning of internal controls, resulting in a material loss to the Company, during the year and up to the date of this report.

Based on the effective internal controls implemented by management, the directors are satisfied that the annual financial statements fairly present the state of affairs of the Group and the Company, at the end of the financial year, and the net income and cash flows for the year. Mr BD Bierman, Chief Financial Officer, supervised the preparation of the annual financial statements for the year.

The directors have reviewed the Company's budget and flow of funds forecast and considered the Company's ability to continue as a going concern in the light of current and anticipated economic conditions. The directors have reviewed the assumptions underlying these budgets and forecasts based on currently available information. On the basis of this review, and in the light of the current financial position and profitable trading history, the directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. The going concern basis therefore continues to apply and has been adopted in the preparation of the annual financial statements.

It is the responsibility of the Company's independent external auditors, PricewaterhouseCoopers Inc., to report on the fair presentation of the annual financial statements. Their unqualified report appears on page 38.

The separate annual financial statements of the Company, which appear on pages 42 to 84 have been approved by the Board of Directors on 29 May 2013 and are signed on behalf of the Board of Directors by two directors.

T van Wyk
Chairman

N Martin
Managing Director

Certificate by the Company Secretary

I certify, in terms of section 88(2) of the Companies Act 71 of 2008 ('the Act'), that for the year ended 31 March 2013, the Company has filed all the required returns and notices in terms of this Act, and that all such returns and notices appear, to the best of my knowledge and belief, true, correct and up to date.

CM Gerbrands
Company Secretary
29 May 2013

Audit and Risk Committee report

The members of the Audit and Risk Committee fulfilled all their duties during the financial year as prescribed by the Companies Act 71 of 2008 ('the Act') and the committee reports as follows in terms of section 94(7) of the Act:

- The committee has been constituted in accordance with the Act and applicable regulations. The committee members are all independent non-executive directors of the Company. The committee comprises members with adequate relevant qualifications and experience to equip the committee to perform its functions.
- Four committee meetings were held during the financial year.
- The committee has conducted its affairs in compliance with its Charter as approved by the Board of Directors and has discharged its responsibilities contained therein. The effectiveness of the committee and its individual members have been assessed.
- The committee has satisfied itself that the external auditors are independent of the Group as set out in section 94(8) of the Act.
- The appointment of the external auditors complies with the Act and with all other legislation relating to the appointment of external auditors.
- The external auditors' terms of engagement, audit plan and budgeted fees have been determined.
- The nature and extent of non-audit services have been defined and pre-approved.
- The committee has reviewed the accounting policies and the financial statements of the Group and is satisfied that they are appropriate and comply with International Financial Reporting Standards.
- The committee has overseen a process by which internal audit assessed the effectiveness of the system of internal control and risk management, including internal financial controls.
- The committee receives and deals with any concerns or complaints relating to accounting practices and internal audit of the Group, the content or auditing of the Group's financial statements, the internal financial controls of the Group or any related matter. No matters of significance have been raised in the past financial year.
- A detailed report on the activities of the committee is contained in the Corporate Governance section of the Annual Report on page 30.

DR Geeringh
Chairman: Audit and Risk Committee
29 May 2013

Independent Auditor's Report

to the Shareholders of Business Partners Limited

We have audited the consolidated and separate financial statements of Business Partners Limited set out on pages 42 to 84, which comprise the statements of financial position as at 31 March 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Business Partners Limited as at 31 March 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Pricewaterhouse Coopers Inc.

PricewaterhouseCoopers Inc.
Director: Stefan Beyers
Registered Auditor
Sunninghill
4 June 2013

Directors' Report

for the year ended 31 March 2013

1. Nature of the business

The Company is principally engaged in investing capital, knowledge and skill in viable small and medium-sized businesses ('SMEs'). The Company is registered in South Africa.

2. Business activities

Business confidence in South Africa, the Company's primary market, was adversely impacted upon by the perceived economic policy uncertainty in the months leading up to the ruling party's policy conference in December 2012, the inflationary increases in administered prices, and labour unrest in the mining sector – which also spread to other sectors and resulted in higher than inflation wage settlements. The resultant lower levels of fixed investment by the private sector, together with delays in governmental infrastructure investments and muted consumer spending, contributed to a disappointing economic growth rate and, in general, a challenging business environment for SMEs.

The volume of new business concluded – in a year during which SMEs were experiencing tough trading conditions – was lower than expected; 331 investment projects amounting to R891,7 million were approved, a decrease of 4,7 percent and 8,3 percent respectively, compared to the 2012 year when 361 investments amounting to R935,2 million were approved.

The majority (86,5 percent) of the investments were structured to align the return of the investment with the investee company's performance, thereby achieving a balance between risk and return. An equity stake was obtained in 50 projects (2012: 84 projects) at an average investment amount of R3,5 million (2012: R4,5 million).

The Company manages a portfolio of 163 industrial and commercial properties that are geographically dispersed. The portfolio provides business premises with a lettable area of more than 427 000m^2 (2012: 466 600m^2), to more than 1 700 tenants.

The Group owns 134 investment properties at a fair value of R893,0 million on 31 March 2013 (31 March 2012: 135 properties at a fair value of R785,9 million). The portfolio is carried at R871,3 million (March 2012: R764,0 million) in the statement of financial position and is disclosed as 'Investment properties' amounting to R787,6 million, and, for the owner occupied properties, as 'Property, plant and equipment' amounting to R83,7 million.

3. Operational and financial review

The Group's net profit for the year amounted to R136,3 million, a R36,2 million or 36,2 percent increase on the R100,1 million profit of the prior year.

Total income increased from R403,3 million in the prior year to R428,5 million for the year ended 31 March 2013. Other income reported a significant increase compared to the prior year, primarily due to the recovery of certain establishment costs related to the Company's international operations.

The salary cost of permanently employed staff increased by 5,6 percent year on year. However, total staff costs for the year were R3,8 million (2,6 percent) lower, primarily due to the extraordinary pension fund settlement costs incurred in the prior year.

The risk in the investment portfolio, as measured by the repayment performance of the investments, satisfactorily improved during the period. Non-performing loans decreased from 21,1 percent at 31 March 2012 to 17,9 percent of the portfolio at 31 March 2013. Net credit losses decreased by 31,0 percent to R44,9 million (2012: R65,0 million).

Finance charges increased by 49,9 percent from the prior year. The Company's average borrowings increased from R334,8 million in 2012 to R450,9 million in 2013.

4. Events subsequent to the statement of financial position date

No events occurred between the statement of financial position date and the date of this report that would require disclosure in, or adjustment to, the annual financial statements as presented.

5. Share capital and reserves

The authorised share capital remained unchanged at 400 million ordinary par value shares of R1 each. The issued share capital was reduced during the current year – a result of a share buy-back by the Company – from 178,8 million shares to 173,0 million shares. The par value of the shares remains unchanged at R1 per share.

6. Dividend

A cash dividend of 15 cents per share in respect of the 2013 financial year (2012: 13 cents) was declared on 29 May 2013, payable on or about 23 August 2013 to all shareholders registered in the share register at the close of business on 13 August 2013.

The solvency and liquidity tests as required by section 46 of the Companies Act 71 of 2008 were applied, and the Company will satisfy the requirements of these tests immediately after completing the proposed distribution.

Dividend cover for the year equals 5,3 times (2012: 4,5 times). The dividend policy aims to ensure at least four times cover for the dividend, after evaluating the nature and quality of the profit for the year.

7. Earnings per share

Earnings per share increased to 78,8 cents (2012: 57,8 cents) based on 173,3 million weighted number of shares in issue. Diluted earnings per share increased to 76,8 cents (2012: 56,5 cents). Headline earnings per share increased to 51,4 cents (2012: 23,2 cents). Diluted headline earnings per share increased to 50,3 cents (2012: 23,0 cents). For more information, refer to notes 12 and 24 in the annual financial statements.

8. Directors' remuneration and interest

The directors' remuneration is set out in note 29 to the annual financial statements. No material contracts in which the directors have any interest were entered into in the current year.

9. Major shareholders

Shareholders holding beneficially, directly or indirectly, in excess of one percent of the issued share capital of the Company are detailed on page 34 of the annual report.

10. Directors

10.1 The directors of the Company on 31 March 2013 were

Directors appointed by shareholders in terms of Article 20.1.3 (formerly Article 13.4) of the Memorandum of Incorporation:

Mr T van Wyk (Chairman), Mr F Meisenholl, Mr VO Twala, Mr JW Dreyer, Dr ZZR Rustomjee, Mr NJ Williams

Directors elected by shareholders in terms of Article 20.1.2 (formerly Article 13.2) of the Memorandum of Incorporation:

Mr DR Geeringh, Dr E Links, Ms ZJ Matlala, Dr P Huysamer, Mr D Moshapalo, Mr SST Ngcobo

Directors appointed by the Board of Directors until confirmed by election of shareholders in terms of Article 20.2 (formerly Article 15) of the Memorandum of Incorporation:

Mr N Martin (Managing Director), Mr C Botes (Executive Director), Mr G van Biljon (Executive Director)

10.2 During the year, the following changes occurred in the composition of the Board of Directors:

Director	Event	Terms	Date
Mr NJ Williams	Appointed	Article 20.1.3 (formerly Article 13.4)	15 May 2012
Mr DR Geeringh	Retired	Article 20.1.2 (formerly Article 13.2)	14 August 2012
	Re-elected	Article 20.1.2 (formerly Article 13.2)	14 August 2012
Mr SST Ngcobo	Retired	Article 20.1.2 (formerly Article 13.2)	14 August 2012
	Re-elected	Article 20.1.2 (formerly Article 13.2)	14 August 2012
Mr NP Janse van Rensburg	Resigned as alternate director to Mr GG Gomwe	Formerly Article 17.1	05 September 2012
Mr GG Gomwe (Zimbabwean)	Resigned	Article 20.1.3 (formerly Article 13.4)	26 October 2012

11. Company Secretary

The Company Secretary is Ms CM Gerbrands, whose business and postal addresses are those of the registered office of the Company.

12. Annual Financial Statements

These annual financial statements have been audited by the external auditor, PricewaterhouseCoopers Inc., in compliance with the applicable requirements of the Companies Act 71 of 2008. The preparation of the annual financial statements was supervised by Mr BD Bierman, Chief Financial Officer.

13. Auditors

PricewaterhouseCoopers Inc. continued in office as auditors of the Group. The Audit and Risk Committee nominated PricewaterhouseCoopers Inc. for re-appointment, at the forthcoming annual general meeting, as auditors for the 2014 financial year. Mr S Beyers will be the designated auditor.

14. Acknowledgements

Sincere appreciation is extended to all our shareholders, members of the Board of Directors and its committees for their dedicated and positive participation throughout the year. To the entire staff of Business Partners Limited, we express our gratitude for their loyalty, commitment and hard work in pursuing the objectives of the Company.

T van Wyk
Chairman
29 May 2013

N Martin
Managing Director

Statement of financial position

as at 31 March 2013

	Notes	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Assets					
Non-current assets		**2 779 698**	2 666 653	**2 642 797**	2 536 492
Investment properties	3	**787 609**	679 940	**662 485**	573 254
Loans and receivables	4	**1 736 156**	1 738 009	**1 740 888**	1 733 959
Investments in associates	5	**76 938**	77 143	**380**	1 874
Investments in subsidiaries	7			**142 851**	139 071
Property and equipment	6	**88 402**	88 830	**5 600**	5 603
Defined benefit pension fund surplus	8	**90 593**	82 731	**90 593**	82 731
Current assets		**467 095**	367 751	**434 400**	338 231
Loans and receivables	4	**324 643**	300 710	**323 320**	298 000
Assets held for resale	9	**8 829**	5 621	**8 829**	5 621
Accounts receivable	10	**33 777**	25 567	**29 867**	24 638
Cash and cash equivalents	11	**99 846**	35 853	**72 384**	9 972
Total assets		**3 246 793**	3 034 404	**3 077 197**	2 874 723
Equity and liabilities					
Capital and reserves attributable to equity holders of the parent		**2 543 477**	2 440 513	**2 398 857**	2 298 250
Share capital	12	**173 001**	178 835	**173 001**	178 835
Treasury shares	12	**-**	(15 292)		
Fair value and other reserves	13	**38 659**	49 552	**34 656**	45 750
Retained earnings		**2 331 817**	2 227 418	**2 191 200**	2 073 665
Non-controlling shareholders' interest		**1 053**	1 000		
Total equity		**2 544 530**	2 441 513	**2 398 857**	2 298 250
Non-current liabilities		**578 933**	294 407	**573 229**	292 174
Borrowings	14	**454 124**	195 014	**454 124**	195 014
Post-retirement medical aid obligation	8	**93 518**	75 631	**93 518**	75 631
Deferred tax liability	15	**31 291**	23 762	**25 587**	21 529
Current liabilities		**123 330**	298 484	**105 111**	284 299
Borrowings	14	**36 004**	216 616	**36 004**	216 616
Accounts payable	16	**45 484**	39 328	**28 541**	25 526
Provisions	17	**39 719**	36 645	**37 907**	35 373
Current income tax liability		**2 040**	5 824	**2 576**	6 713
Shareholders for dividend		**83**	71	**83**	71
Total liabilities		**702 263**	592 891	**678 340**	576 473
Total equity and liabilities		**3 246 793**	3 034 404	**3 077 197**	2 874 723

Statement of comprehensive income

for the year ended 31 March 2013

	Notes	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Net interest revenue	18	**214 845**	218 996	**216 022**	219 002
Interest income		**248 992**	241 776	**250 169**	241 782
Interest expense		**(34 147)**	(22 780)	**(34 147)**	(22 780)
Fee revenue		**5 972**	8 484	**5 919**	8 355
Investment income and gains	19	**87 587**	90 095	**71 813**	89 753
Net property revenue		**83 657**	63 993	**75 445**	59 865
Property revenue		**152 208**	130 017	**126 228**	108 643
Property expenses		**(68 551)**	(66 024)	**(50 783)**	(48 778)
Management and service fee income		**18 429**	16 521	**13 189**	13 008
Other income		**18 044**	5 251	**56 264**	2 595
Total income		**428 534**	403 340	**438 652**	392 578
Net credit losses	20	**(44 908)**	(65 045)	**(43 994)**	(57 511)
Staff costs	21	**(143 781)**	(147 585)	**(133 692)**	(140 754)
Other operating expenses		**(54 839)**	(52 809)	**(65 310)**	(62 082)
Profit before taxation		**185 006**	137 901	**195 656**	132 231
Income tax expense	23	**(48 606)**	(37 855)	**(28 620)**	(29 700)
Profit for the year		**136 400**	100 046	**167 036**	102 531
Other comprehensive income after tax					
Actuarial loss on defined benefit pension fund		**(994)**	(4 610)	**(994)**	(4 610)
Actuarial loss on post-retirement medical aid obligation		**(10 110)**	(3 124)	**(10 110)**	(3 124)
Actuarial loss on post-retirement benefits		**(11 104)**	(7 734)	**(11 104)**	(7 734)
Fair value adjustment of available-for-sale instruments		**10**	(2)	**10**	(2)
Foreign currency translation reserve movement		**796**	443		
Share of associates' other comprehensive income		**(595)**	(380)		
Other comprehensive income for the year		**(10 893)**	(7 673)	**(11 094)**	(7 736)
Total comprehensive income for the year		**125 507**	92 373	**155 942**	94 795
Profit attributable to:					
Equity holders of Business Partners Limited		**136 347**	100 079	**167 036**	102 531
Non-controlling interests		**53**	(33)		
		136 400	100 046	**167 036**	102 531
Total comprehensive income attributable to:					
Equity holders of Business Partners Limited		**125 454**	92 406	**155 942**	94 795
Non-controlling interests		**53**	(33)		
		125 507	92 373	**155 942**	94 795
Earnings per share					
Basic earnings per share	24	**78,8**	57,8		
Diluted basic earnings per share	24	**76,8**	56,5		

Statement of changes in equity

for the year ended 31 March

	Notes	Share capital R000	Fair value and other reserves* R000	Retained earnings R000	Non-controlling interest R000	Total R000
		Attributable to equity holders of the parent				
Group						
Balance at 1 April 2011		163 543	57 225	2 146 782	1 929	2 369 479
Share of associates' movement in retained earnings				1 317		1 317
Change in control of partially owned subsidiaries					(896)	(896)
Total comprehensive income for the year			(7 673)	100 079	(33)	92 373
Net profit				100 079	(33)	100 046
Other comprehensive income			(7 673)			(7 673)
Dividend	25			(20 760)		(20 760)
Balance at 31 March 2012		163 543	49 552	2 227 418	1 000	2 441 513
Balance at 1 April 2012		**163 543**	**49 552**	**2 227 418**	**1 000**	**2 441 513**
Purchase of treasury shares		**9 458**		**(9 458)**		**-**
Total comprehensive income for the year			**(10 893)**	**136 347**	**53**	**125 507**
Net profit				**136 347**	**53**	**136 400**
Other comprehensive income			**(10 893)**			**(10 893)**
Dividend	25			**(22 490)**		**(22 490)**
Balance at 31 March 2013		**173 001**	**38 659**	**2 331 817**	**1 053**	**2 544 530**
Company						
Balance at 1 April 2011		178 835	53 486	1 992 594		2 224 915
Total comprehensive income for the year			(7 736)	102 531		94 795
Net profit				102 531		102 531
Other comprehensive income			(7 736)			(7 736)
Dividend	25			(21 460)		(21 460)
Balance at 31 March 2012		178 835	45 750	2 073 665		2 298 250
Balance at 1 April 2012		**178 835**	**45 750**	**2 073 665**		**2 298 250**
Purchase of treasury shares		**(5 834)**		**(26 253)**		**(32 087)**
Total comprehensive income for the year			**(11 094)**	**167 036**		**155 942**
Net profit				**167 036**		**167 036**
Other comprehensive income			**(11 094)**			**(11 094)**
Dividend	25			**(23 248)**		**(23 248)**
Balance at 31 March 2013		**173 001**	**34 656**	**2 191 200**		**2 398 857**

*The composition of fair value and other reserves is disclosed in note 13.

Cash flow statement

for the year ended 31 March

	Notes	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Cash flow from operating activities					
Cash received from clients		**440 641**	411 156	**404 377**	378 947
Cash paid to suppliers and employees		**(256 631)**	(254 387)	**(244 925)**	(247 539)
Cash generated from operating activities	28.1	**184 010**	156 769	**159 452**	131 408
Finance cost		**(31 291)**	(22 780)	**(31 291)**	(22 780)
Taxation paid	28.2	**(33 346)**	(14 240)	**(24 385)**	(11 528)
Dividends paid	28.3	**(22 478)**	(21 061)	**(23 236)**	(21 761)
Net cash flow from operating activities		**96 895**	98 688	**80 540**	75 339
Cash flow from investing activities					
Capital expenditure on					
– investment properties		**(88 362)**	(96 864)	**(78 886)**	(93 903)
– property and equipment		**(3 257)**	(3 324)	**(2 752)**	(2 517)
Proceeds from sale of					
– investment properties		**12 300**	27 388	**12 300**	27 388
– property and equipment		**124**	124	**124**	129
Loans and receivables advanced		**(474 102)**	(599 705)	**(474 097)**	(596 126)
Loans and receivables repaid		**391 585**	375 262	**388 184**	373 525
Interest received from other investments		**4 790**	1 069	**4 039**	3 778
Loans from subsidiaries repaid				**8 940**	4 811
Proceeds from sale of investments in associates		**39 752**	46 260	**39 752**	46 260
Dividends received from investments in associates		**8 626**	6 711	**8 626**	6 711
Net cash flow from investing activities		**(108 544)**	(243 079)	**(93 770)**	(229 944)
Cash flow from financing activities					
Utilisation of long-term borrowings		**290 000**	-	**290 000**	-
Repayment of long-term borrowings		**(26 054)**	(25 825)	**(26 054)**	(25 825)
Net cash flow from financing activities		**263 946**	(25 825)	**263 946**	(25 825)
Net movement in cash and cash equivalents	11	**252 297**	(170 216)	**250 716**	(180 430)
Cash and cash equivalents at beginning of year	11	**(152 451)**	17 765	**(178 332)**	2 098
Cash and cash equivalents at end of year		**99 846**	(152 451)	**72 384**	(178 332)

1. Accounting policies

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below and are consistent with those of the previous year, unless otherwise stated.

1.1 Basis of preparation

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as issued by the International Accounting Standards Board ('IASB'), and the Companies Act 71 of 2008 in South Africa. The consolidated financial statements have been prepared under the historical cost basis except for the following material items in the statement of financial position:

– Post-employment benefit obligations that are measured in terms of the Projected Unit Credit method
– Investment properties accounted for using the fair value model
– Jointly controlled entities accounted for using the equity method

1.2 New and amended statements adopted

The following amended standards are not yet effective and have not been adopted by the Group:

Amendments to IAS 1 – Presentation of Financial Statements: Presentation of items of OCI. The IASB has issued an amendment to IAS 1, 'Presentation of financial statements'. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income ('OCI') on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. Effective date: 1 July 2012.

Amendments to IAS 19 – Employee benefits. The IASB has issued an amendment to IAS 19, 'Employee benefits', which makes significant changes to the recognition and measurement of defined benefit pension expenses and termination benefits, and to the disclosures for all employee benefits. Effective date: 1 January 2013.

IAS 27 (revised 2011) – Separate financial statements. This standard includes the provisions on separate financial statements that remain after the control provisions of IAS 27 have been included in the new IFRS 10. Effective date: 1 January 2013.

IAS 28 (revised 2011) – Associates and joint ventures. This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. Effective date: 1 January 2013.

Amendment to IFRS 7 – Financial Instruments: Disclosures. The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. Effective date: 1 January 2013.

IFRS 9 – Financial Instruments. This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9 to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. The IASB has published an amendment to IFRS 9 that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the assurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.
Effective date: 1 January 2015.

IFRS 10 – Consolidated financial statements. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. It provides additional guidance to assist in determining control where this is difficult to assess. Effective date: 1 January 2013.

IFRS 11 – Joint agreements. This standard provides for a more realistic reflection of joint arrangements by focussing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. Effective date: 1 January 2013.

IFRS 12 – Disclosures of interests in other entities. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
Effective date: 1 January 2013.

IFRS 13 – Fair value measurement. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS's. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS's or US GAAP. Effective date: 1 January 2013.

Amendments to IAS 32 – Financial Instruments: Presentation. The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP. Effective date: 1 January 2014.

The impact of the above standards on the results of the Group has not yet been assessed.

1.3 Consolidation

1.3.1 Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a business is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as and when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent change in equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

1.3.2 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-company transactions, balances and unrealised gains on transactions with Group companies are eliminated. Unrealised losses are also eliminated.

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

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the financial statements of the Company.

1.3.3 Transactions with non-controlling interests

The Group accounts for transactions with non-controlling interests as transactions with equity holders of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

1.3.4 Investments in associates

Associates are all entities over which the Group generally has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit and loss component of the statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates. The latest audited financial statements are utilised to determine the share of the associated companies' earnings.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

1.4 Foreign currencies

1.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in ZAR, which is the Company's functional currency and the Group's presentation currency.

1.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency of the entity, using the exchange rates prevailing at the dates of the transactions or the date of 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 and loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'net interest income'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'investment income and gains'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amounts are recognised in other comprehensive income.

1.4.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially or fully disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.5 Financial assets

1.5.1 Classification

The Group classifies its financial assets primarily in the following categories: loans and receivables and available-for-sale instruments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Available-for-sale financial instruments

Available-for-sale financial assets are non-derivatives that are designated in this category or not classified in any other categories. They are included in non-current assets unless the investment matures or management intends to dispose of them within 12 months of the end of the reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for loans and receivables with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise 'loans and receivables', 'accounts receivable' and 'cash and cash equivalents' on the face of the statement of financial position.

1.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchasing or selling the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and the Group has transferred substantially all risk and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value and loans and receivables are subsequently carried at amortised cost using the effective interest method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income.

Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income within 'investment income and gains' when the Group's right to receive payments is established.

1.5.3 Impairment of financial assets

Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the asset is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

Assets carried at amortised cost

The Group assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

Specific impairments

The portfolio of investments is classified into different risk classes which are defined by the presence of various risk indicators. The presence of these risk indicators is accepted as objective evidence that an impairment event has occurred in the investment. The criteria for assessing the investment's performance in meeting its repayment obligations, and thereby identifying the risk indicators, are as follows:

A. Investments with no arrears
B. Amount in arrears for 30 days is less than the repayment required or value of instalment
C. Amount in arrears for 60 days is less than the repayment required or value of instalment
D. Amount in arrears for 30 days is greater than value of instalment
E. Amount in arrears for 30 days with no planned instalments on account
F. Dishonoured payments occurring in the preceding six months
G. Informal sector loans
H. Investments under legal control

In addition to the assessment of repayment performance, a qualitative assessment is performed to identify other indicators of impairment. The following events are considered to be indicative of impairment:

- the loss of big contracts
- labour unrest, litigation or unresolved issues
- legal actions being undertaken by other parties against the client
- entrance of a new competitor
- conflict between partners in the business
- shareholders' meetings that are cancelled and which have not been held for a long time
- the sensitivity of revenue to fluctuations in the exchange rate
- input costs materially affected by high commodity prices or high resource prices

In quantifying the impairment for investments in the different risk classes, estimates are applied to key variables as follows:

- the probability of a loss giving default occurring for the risk classification applicable to each investment, which ranges from zero percent to 75 percent.
- the time period required from the date of assessment to the point in the future when cash flows are expected from a specific investment. The period is estimated to be 18 months on average. The cash flows are discounted to the current date over the expected period at a discount rate equal to the rate of return expected from the specific investment.

The extent of the loss is quantified by measuring as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the statement of comprehensive income within 'net credit losses'.

Collective impairments

Impairment losses are recognised for groups of financial assets with similar industry and financial instrument profiles where losses have been incurred but for which the objective evidence of impairment has not yet been identified. The objective evidence is expected to emerge at some period in the future, estimated to be between six to 24 months. The impairment losses collectively assessed are accounted for in the statement of comprehensive income within 'net credit losses'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income within 'net credit losses'.

1.5.4 Renegotiated loans

Renegotiated loans are those loans whose terms of repayment have been changed, and are no longer considered to be past due as a result of the renegotiated terms.

Disclosure about financial assets to which the Group is a party is provided in note 2 to the annual financial statements.

1.6 Offsetting financial instruments

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

1.7 Investment properties

Investment properties are recognised as an asset when it is probable that the future economic benefits that are associated with the investment properties will flow to the enterprise in the form of long-term rental yields and capital appreciation, and the costs of the investment property can be reliably measured.

Investment properties are initially recorded at cost including transaction costs. Subsequent to initial measurement, investment properties are measured at fair value. Fair value is determined using the capitalised income method as performed by suitably qualified personnel. A gain or loss arising from a change in fair value is included in the statement of comprehensive income within 'investment income and gains'.

1.8 Property and equipment

Property and equipment are stated at historical cost less depreciation, including buildings which comprise owner-occupied offices. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit and loss during the financial period in which it is incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to the residual values over the estimated useful lives of the assets, as follows:

– Buildings	25 to 30 years
– Machinery, equipment, furniture and fittings	5 years
– Computer hardware and computer software	3 years
– Vehicles	4 years

Land is not depreciated.

The residual value and the useful life of each asset are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income within 'other operating expenses'.

1.9 Employee benefits

1.9.1 Pension obligations

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is any pension plan that is not a defined contribution plan, and defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit method. In terms of this method, the present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the statement of comprehensive income in the year in which they arise.

For defined contribution plans, the Group pays contributions to privately administered pension insurance plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense within 'staff costs' when they are due.

1.9.2 Post-retirement medical aid obligations

The Group provides post-retirement medical aid benefits to employees and pensioners in service of the Group on or before 30 April 1999. The entitlement to post-retirement medical aid benefits is based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using the Projected Unit Credit method. Valuations of these obligations are carried out by actuaries. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

1.10 Inventories and assets held for resale

Inventories consist mainly of repossessed assets and are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

1.11 Accounts receivable

Accounts receivable are amounts due from customers for services performed in the ordinary course of business and consist mainly of rent receivable. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, current accounts and deposits held at call with banks. Bank overdrafts are shown within 'borrowings' under current liabilities on the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, current accounts, deposits held at call with banks and a bank overdraft.

1.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

1.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss component of the statement of comprehensive income, 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 law enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date 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 is provided on temporary differences arising on investments in subsidiaries and associates, except 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.

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 tax 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.

1.15 Accounts payable

Accounts payable consist mainly of funds held in trust on behalf of customers and obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. The amounts are unsecured and are, where applicable, usually paid within 30 days of recognition. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

1.16 Provisions and contingent liabilities

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Employee entitlements to annual leave and bonuses are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Provisions for future operating losses are not recognised.

Contingent liabilities, which include certain guarantees other than financial guarantees, and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Group's control. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements.

1.17 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss component of the statement of comprehensive income on a straight-line basis over the period of the lease.

1.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and supply of services in the ordinary course of the Group's activities. Revenue is shown net of discounts, returns and value added taxes and after eliminating sales and supply of services within the Group.

The Group recognises revenue when the amount of the revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

Interest income is recognised using the effective interest method on a time apportionment basis, taking account of the principal amount outstanding and the effective rate over the period to maturity to determine when such income will accrue to the Group.

Royalty income, fee income and management and service fee income are recognised on an accrual basis in accordance with the substance of the relevant agreements.

Rental income is recognised equally over the period of the lease, taking into consideration the clauses affecting the rental charge.

Dividend income is recognised when the right to receive payment is established.

1.19 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

1.19.1 Impairment of loans and receivables

Assets are subject to regular impairment reviews as required. Impairments are measured as the difference between the cost (or amortised cost) of a particular asset and the current fair value or recoverable amount. In determining the recoverable amount on portfolios of investments, the historical loss experience is adjusted to incorporate current economic conditions, as well as changes in the emergence period for evidence of impairment to be identified and reported.

1.19.2 Present value of defined benefit obligation

The present value of the defined benefit obligation using the Projected Unit Credit method relies on a number of assumptions, including the discount rate and mortality rates. Any changes in the assumptions applied will impact the carrying amount of the pension obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Additional information is disclosed in note 8.1.

The determination of the defined benefit obligation as it relates to pensioners, is calculated by applying a mortality rate. If the average expected remaining life of pensioners were to increase by one year, the pension obligation for pensioners would amount to R93,1 million, resulting in a gain to other comprehensive income before tax of R3,5 million. If the average expected remaining life of pensioners were to decrease by one year, the pension obligation for pensioners would amount to R100,2 million, resulting in a charge to other comprehensive income before tax of R3,5 million.

1.19.3 Present value of post-retirement medical aid obligation

The present value of the post-retirement medical aid obligation relies on a number of assumptions, including the discount rate and the Consumer Price Index by which the medical aid subsidy is increased each year. Any changes in the assumptions applied will impact on the carrying amount of the post-retirement obligation.

The Group determines the appropriate discount rate at the end of each year, which is based on the R186 government bond. This is the interest rate used to determine the present value of estimated future cash outflows required to settle the post-retirement medical aid obligations.

Additional information, as well as the sensitivity to the subsidy inflation rate, is disclosed in note 8.2.

1.19.4 Valuation of investment properties

The valuation of the investment properties was performed internally by suitably qualified personnel and is based on the capitalised income method. The key assumptions used in the valuation of the investment properties are capitalisation rates, vacancy factors and actual expenses incurred on each property. The vacancy factors and property expenses are based on actual and historical trends. Capitalisation rates are determined by management with reference to current market information and management's assessment of the property portfolio.

If the capitalisation rate was on average one percent higher for the portfolio, the Group's profit before tax would have been R135,7 million. Alternatively, if the capitalisation rate was on average one percent lower for the portfolio, the Group's profit before tax would have been R224,6 million. Additional information is disclosed in note 3.

2. Financial risk management

The Group's activities expose it to a variety of financial risks. The activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to risk exposure limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Group's management. In addition, internal audit is responsible for the independent review of risk management policies and the control environment.

The primary financial risks to which the Group is exposed are credit risk, market risk, interest rate risk and liquidity risk.

2.1 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is a material risk for the Group's business. Credit risk exposures arise principally from investing in small and medium businesses, the core business activity of the Group. Credit risk exposures also arise from property rental contracts entered into with lessees.

2.1.1 Credit risk measurement

The credit risk for loans and receivables at the investment stage of any potential investment is analysed and assessed in a due diligence process where the entrepreneur is evaluated, the viability of the enterprise is considered and various other risk indicators are determined, verified and benchmarked.

2.1.2 Risk management process

The Group manages, limits and controls concentrations of credit risk where they are identified.

Loans and receivables

The concentration of risk in the investment portfolio is decreased through industry diversification. The more than 1 820 investment projects in the portfolio are representative of most sectors of the economy, with no specific industry or geographical area representing undue risk. No single investment represents more than 0,8 percent of the total investment portfolio, limiting the concentration of risk in single investments.

The ongoing monitoring of the risk profile of the portfolio is guided by investment policies, investment committees and credit control functions. Exception reporting at various levels within the organisation provides early identification of increases in the credit risk of the business investment portfolio. A formal risk assessment process is undertaken in terms of which investments are impaired in line with movements in the credit risk.

Collateral

The Group employs various policies and practices to mitigate credit risk, principally by securing collateral for investments made. The Group implements guidelines on the acceptability of specific classes of collateral. The principal collateral types for loans and receivables are:

- Mortgage bonds over residential, commercial and industrial property
- Notarial bonds over property and equipment
- Personal sureties and the cession of policies and investments

Rental contracts

The credit risk of rent debtors is controlled and monitored on an ongoing basis by property management committees, credit control functions as well as exception reporting at various levels in the management structure.

2.1.3 Maximum credit risk exposure

The table below represents the maximum credit risk exposure scenario for the Group without considering any collateral or other credit enhancements.

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Related to loans and receivables:				
Interest-bearing loans	**2 081 777**	2 088 618	**2 075 918**	2 077 954
Shareholders' loans	**96 192**	77 659	**96 192**	77 659
Royalty agreements	**32 874**	26 276	**32 077**	25 096
Staff loans	**24**	89	**24**	89
	2 210 867	2 192 642	**2 204 211**	2 180 798
Related to accounts receivable:				
Rent debtors	**16 036**	11 603	**9 971**	7 595
Trade and other receivables	**13 145**	9 369		
Cash held in bank accounts	**99 846**	35 853		
Related to off-balance sheet items:				
Financial guarantees	**-**	4 040	**-**	4 040
Loan commitments and other credit-related liabilities	**295 262**	237 078	**295 262**	237 073
	2 635 156	2 490 585	**2 509 444**	2 429 506

The maximum credit risk exposure related to loans and receivables is analysed as follows:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Industry sector exposure				
Construction	**108 530**	111 611	**108 532**	111 613
Financial intermediation	**634 118**	598 910	**634 128**	598 919
Fishing	**28 947**	43 442	**28 947**	43 443
Horticulture, animal farming and forestry	**27 748**	23 742	**27 749**	23 743
Leisure	**68 809**	93 331	**65 417**	89 111
Manufacturing	**442 610**	469 345	**442 618**	469 354
Motor trade	**177 191**	172 336	**175 828**	169 571
Personal services	**120 773**	98 051	**120 528**	97 701
Quarrying	**38 591**	41 753	**38 591**	41 753
Retail	**185 904**	168 012	**184 658**	166 096
Transport and communication	**78 134**	64 341	**77 698**	63 933
Travel and tourism	**213 302**	228 751	**213 306**	228 755
Wholesale	**86 210**	79 017	**86 211**	76 806
	2 210 867	2 192 642	**2 204 211**	2 180 798
Geographical exposure				
Eastern Cape	**296 226**	278 925	**294 656**	277 041
Free State	**101 842**	102 302	**99 140**	101 343
Gauteng	**538 783**	541 642	**537 936**	539 982
KwaZulu-Natal	**452 297**	437 343	**454 184**	436 735
Limpopo	**64 444**	75 570	**64 004**	75 357
Mpumalanga	**64 129**	85 508	**61 753**	82 281
North West	**26 192**	29 639	**26 381**	29 639
Northern Cape	**55 400**	55 091	**54 963**	54 740
Western Cape	**611 554**	586 622	**611 194**	583 680
	2 210 867	2 192 642	**2 204 211**	2 180 798

	Group		Company	
	2013	2012	**2013**	2012
	R000	R000	**R000**	R000
Product type exposure				
Loan Partner	**413 080**	476 024	**416 058**	476 033
Royalty Partner	**796 667**	829 930	**779 816**	818 061
Royalty Risk Partner	**18 823**	32 924	**18 959**	32 925
Risk Partner	**19 364**	30 878	**19 504**	30 878
Equity Partner	**46 379**	45 148	**46 713**	45 149
Property Risk Partner	**645 990**	599 890	**650 647**	599 901
Property Royalty	**163 844**	80 985	**165 025**	80 986
Property Equity Partner	**106 720**	96 863	**107 489**	96 865
	2 210 867	2 192 642	**2 204 211**	2 180 798

2.1.4 Credit quality of loans and receivables

The credit quality of loans and receivables are as follows:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Neither past due nor individually impaired	**1 489 367**	1 332 949	**1 485 614**	1 324 767
Past due, but not individually impaired	**26 654**	49 088	**26 654**	49 088
Individually impaired	**694 846**	810 605	**691 943**	806 943
Gross	**2 210 867**	2 192 642	**2 204 211**	2 180 798
Less: allowance for impairment	**(158 548)**	(167 805)	**(156 883)**	(165 861)
	2 052 319	2 024 837	**2 047 328**	2 014 937

The allowance for impairment of loans and receivables amounts to R158,5 million (2012: R167,8 million). R114,5 million (2012: R131,7 million) represents the individually impaired loans and the balance of R44,0 million (2012: R36,1 million) represents the portfolio impairment. For additional information regarding the allowance for impairment, refer note 4.3.

Loans and receivables neither past due nor individually impaired

The credit quality of the portfolio of loans and receivables that were neither past due nor impaired can be assessed in terms of the internal risk rating system as disclosed in the accounting policies.

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Interest-bearing loans	**1 378 998**	1 243 867	**1 376 042**	1 236 865
Shareholders' loans	**77 471**	62 717	**77 471**	62 717
Royalty agreements	**32 874**	26 276	**32 077**	25 096
Staff loans	**24**	89	**24**	89
	1 489 367	1 332 949	**1 485 614**	1 324 767

Loans and receivables past due but not individually impaired

Loans and receivables with amounts past due for 30 days that are less than or equal to the required amount due, are not considered impaired, unless specific information indicators are identified. The gross amount of loans and receivables that were past due, but not impaired, are as follows:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Interest-bearing loans	**26 449**	49 039	**26 449**	49 039
Shareholders' loans	**205**	49	**205**	49
	26 654	49 088	**26 654**	49 088
Fair value of collateral – interest-bearing loans	**22 211**	41 075	**22 211**	41 075

Upon initial recognition of loans and receivables, the fair value of the collateral is determined by applying valuation methodologies applicable to the specific collateral types.

Loans and receivables individually impaired

The individually impaired loans and receivables without considering the fair value of collateral is analysed as follows:

	Group		Company	
	2013 R000	2012 R000	**2013 R000**	2012 R000
Interest-bearing loans	**676 330**	795 712	**673 427**	792 050
Shareholders' loans	**18 516**	14 893	**18 516**	14 893
	694 846	810 605	**691 943**	806 943
Fair value of collateral – interest-bearing loans	**443 624**	516 970	**443 215**	515 883

Upon initial recognition of loans and receivables, the fair value of the collateral is determined by applying valuation methodologies applicable to the specific collateral types.

During the year, interest in the amount of R58,5 million (2012: R71,5 million) earned on individually impaired loans was recognised in revenue.

Loans and receivables renegotiated

Loans and receivables are classified as renegotiated when a new agreement is concluded. The revised terms are considered for approval after a rigorous risk assessment by a special credit committee.

Renegotiated loans and receivables at the end of the year are as follows:

	Group		Company	
	Continue to be impaired R000	**No longer impaired R000**	**Continue to be impaired R000**	**No longer impaired R000**
At 31 March 2013				
Interest-bearing loans	**11 089**	**8 204**	**11 089**	**8 204**
At 31 March 2012				
Interest-bearing loans	9 553	12 551	9 553	12 551

2.1.5 Credit quality of other financial assets

Rent debtors are fully impaired where balances outstanding exceed 30 days. The provision for doubtful rent debtors amounts to R5,4 million (2012: R6,6 million).
All other financial assets are internally allocated a 'performing' risk grade, being neither past due nor impaired.

2.2 Market risk

The Group accepts exposure to market risk, which is defined as the risk that the future cash flows from a financial instrument will fluctuate due to changes in the financial market rates. Market risks arise primarily from risks associated with interest rate changes.

2.2.1 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the majority of the Group's interest-bearing investments are linked to the prime overdraft rate, changes in the prime rate will affect the revenue of the Group. The prime rate also affects the return on, and the cost of, treasury funds.

If the prime rate was one percent higher during the year, the Group's profit before tax would have been R201,5 million (2012: R154,4 million). Alternatively, if the prime was one percent lower, the Group's profit before tax would have been R168,4 million (2012: R121,5 million).

Risk management process

The sensitivity to interest rate changes is decreased by non-interest revenue instruments in the investment portfolio such as dividends and royalty fees. The exposure to interest rate changes for the Group is reduced by investment in property assets as well as the effect of prime-linked borrowings.

2.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet the obligations of disbursing investments, settling financial liabilities and commitments and paying day-to-day expenses when required.

Risk management process

Liquidity risk management requires maintaining sufficient cash resources through an adequate amount of committed credit facilities.

Monitoring and reporting take the form of cash flow measurements and projections for all key periods. Such cash flow projections take into consideration the Group's debt obligations and covenant compliance as well as regulatory and legal requirements. The major cash outflows consist of investment advances, capital expenditure projects, salaries and wages payments, dividend payments and income tax payments.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. These financial liabilities have not been discounted:

	Less than 1 year R000	Between 1 and 2 years R000	Between 2 and 5 years R000	Over 5 years R000	Total R000
At 31 March 2013					
Borrowings (refer note 14.1)	**30 803**	**139 067**	**16 724**	**299 780**	**486 374**
Accounts payable	**45 484**				**45 484**
Current tax liability	**2 040**				**2 040**
At 31 March 2012					
Borrowings (refer note 14.1)	216 616	30 737	149 800	14 304	411 457
Accounts payable	39 328				39 328
Current tax liability	5 824				5 824

2.4 Fair values of financial assets and financial liabilities

The Group uses the following fair value measurement hierarchy to measure the financial assets and liabilities that are carried at fair value on the statement of financial position:

– Level 1: Quoted prices in active market for identical assets or liabilities
– Level 2: Inputs other than quoted prices included with level 1 that are observable
– Level 3: Inputs for the asset or liability that are not based on observable market data

The table below presents the Group's assets that are measured at fair value:

	Level 1	Level 2	Level 3	Total balance
At 31 March 2013				
Available-for-sale financial assets	**333**	**-**	**-**	**333**
At 31 March 2012				
Available-for-sale financial assets	320	-	-	320

2.5 Financial instruments by category

	Available-for-sale	Amortised cost	Total
At 31 March 2013			
Assets per statement of financial position			
Available-for-sale financial assets	**333**		**333**
Loans and receivables		**2 052 319**	**2 052 319**
Accounts receivable		**33 777**	**33 777**
Cash and cash equivalents		**99 846**	**99 846**
	333	**2 185 942**	**2 186 275**
Liabilities per statement of financial position			
Borrowings		**490 128**	**490 128**
Accounts payable		**45 484**	**45 484**
		535 612	**535 612**
At 31 March 2012			
Assets per statement of financial position			
Available-for-sale financial assets	320		320
Loans and receivables		2 024 837	2 024 837
Accounts receivable		25 567	25 567
Cash and cash equivalents		35 853	35 853
	320	2 086 257	2 086 577
Liabilities per statement of financial position			
Borrowings		411 630	411 630
Accounts payable		39 328	39 328
		450 958	450 958

	Group		Company	
	2013 R000	2012 R000	**2013 R000**	2012 R000

2.6 Capital management

The Group's objectives when managing capital are:

- To safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and
- To maintain an optimal capital structure to reduce the cost of capital and support the development and growth of the business.

The table below summarises the composition of capital:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Share capital	**173 001**	178 835	**173 001**	178 835
Treasury shares	**-**	(15 292)		
Fair value and other reserves	**38 659**	49 552	**34 656**	45 750
Retained earnings	**2 331 817**	2 227 418	**2 191 200**	2 073 665
Total capital	**2 543 477**	2 440 513	**2 398 857**	2 298 250

3. Investment properties

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Fair value – beginning of year	**679 940**	569 232	**573 254**	470 985
Acquisitions	**88 362**	96 864	**78 886**	93 903
Disposals	**(9 800)**	(19 880)	**(9 800)**	(19 880)
Depreciation on leasehold property	**(936)**	(194)	**(936)**	(194)
Fair value adjustment	**30 043**	33 918	**21 081**	28 440
Fair value – end of year	**787 609**	679 940	**662 485**	573 254

The valuation of property investments is performed internally by suitably qualified personnel and uses a capitalised income valuation method. The key assumptions used in the valuation of the investment properties are as follows:

- Capitalisation rates varied between 10 and 14 percent (2012: 9,5 and 14 percent)
- Vacancy factors varied between zero and 10 percent (2012: zero and 10 percent)
- Property expenses varied between 10 and 36,9 percent of total rent and recoveries (2012: 11,9 and 38,4 percent)

The Group has not classified nor accounted for any properties subject to an operating lease as investment property.

At 31 March 2013, contractual obligations exist for the purchase of investment properties to the value of R45,8 million. No contractual obligations for the construction or development of investment properties exist.

The following items regarding the investment properties are included in the profit and loss component of the statement of comprehensive income:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
– Rental income	**125 589**	108 519	**95 913**	82 417
– Repairs and maintenance expenses	**15 929**	12 710	**12 096**	9 252
– Other operating expenses	**51 415**	50 619	**37 953**	37 470

A register of the property portfolio is available for inspection at the registered office.

		Group		Company	
		2013 R000	2012 R000	**2013 R000**	2012 R000
4. Loans and receivables					
Investment in *En Commandite* partnerships	(refer note 4.1)	**8 147**	13 562	**16 547**	16 702
Available-for-sale financial assets	(refer note 4.2)	**333**	320	**333**	320
Loans and receivables	(refer note 4.3)	**2 052 319**	2 024 837	**2 047 328**	2 014 937
Less: Short-term portion		**(324 643)**	(300 710)	**(323 320)**	(298 000)
Carrying value of loans and receivables		**1 736 156**	1 738 009	**1 740 888**	1 733 959

4.1 Investment in *En Commandite* partnerships

The Company entered into an *En Commandite* partnership in March 2003 with the Umsobomvu Youth Fund to establish a R125 million investment fund aimed at expanding the ownership of franchises amongst the previously disadvantaged youth. The Company contributed 20 percent of the capital for the fund, and the Umsobomvu Youth Fund the balance of 80 percent. Currently the partnership is in the winding up phase, primarily concerned with the collection of the outstanding loans and receivables.

The Company entered into an *En Commandite* partnership in February 2006 with Khula Enterprise Finance Limited to establish a R150 million investment fund aimed at promoting start-up ventures amongst previously disadvantaged individuals. The Company contributed 20 percent of the capital for the fund, and Khula the balance of 80 percent. Currently the partnership is in the winding up phase, primarily concerned with the collection of the outstanding loans and receivables.

The investments are stated at cost and profits are equity accounted in accordance with specifications of the partnership agreements.

4.2 Available-for-sale financial assets

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Fair value – beginning of year	**320**	323	**320**	323
Fair value surplus transferred to equity	**13**	(3)	**13**	(3)
Fair value – end of year	**333**	320	**333**	320

The above available-for-sale investments, comprising listed shares, are measured at fair value. Fair value is determined by reference to quoted prices on the relevant securities exchange.

4.3 Loans and receivables

	Group		Company	
	2013	2012	**2013**	2012
	R000	R000	**R000**	R000
Interest-bearing loans				
These loans are secured and are priced at market rates representative of the risk of the investment and the quality and extent of the collateral pledged. The loans are initially recorded at fair value and thereafter measured at amortised cost, at level yields to maturity that vary between 6,5 percent and 23,8 percent per annum. The amortised cost of the interest-bearing loans approximates fair value, as the loans are priced at variable, market-related rates.				
Gross interest-bearing loans	**2 081 777**	2 088 618	**2 075 918**	2 077 954
Less: allowance for impairment	**(146 469)**	(159 458)	**(144 804)**	(157 514)
	1 935 308	1 929 160	**1 931 114**	1 920 440
Shareholders' loans				
These loans are unsecured, and are priced at interest rates between zero percent and 8,5 percent per annum. The loans are initially recorded at fair value and thereafter measured at amortised cost, at level yields to maturity equal to the prime rate at the date of approval of the loan. Fair value at initial recognition is determined with reference to the prime rate. Should the repayment terms of the loan be indeterminable, the loan is recognised at cost. The amortised cost of the shareholders' loans approximates fair value.				
Gross shareholders' loans	**96 192**	77 659	**96 192**	77 659
Less: allowance for impairment	**(12 079)**	(8 347)	**(12 079)**	(8 347)
	84 113	69 312	**84 113**	69 312
Royalty agreements				
The cash flows expected from royalty agreements are determined by adjusting the contracted royalty payments with a risk factor. The expected future royalty payments are initially measured at fair value and then measured at amortised cost by applying a discount rate equal to the expected return from the investment linked to the royalty agreement. The rates vary between one percent and 14,5 percent. The amortised cost of royalty agreements approximates fair value.	**32 874**	26 276	**32 077**	25 096
Staff loans				
These loans, consisting of a mortgage loan over residential property as well as other short-term loans, bear interest at rates linked to the prime overdraft rate. The loans are initially recorded at fair value and thereafter measured at amortised cost using the rates at which the agreements were concluded. The amortised cost of the loans to staff approximates fair value.				
Gross staff loans	**24**	89	**24**	89
Less: allowance for impairment	**-**	-	**-**	-
	24	89	**24**	89
Total for loans and receivables	**2 052 319**	2 024 837	**2 047 328**	2 014 937

The Group accepted mortgage bonds, notarial bonds and other types of security, at a value of R1 707,3 million (2012: R1 681,3 million) as collateral for interest-bearing loans. The Group has the authority to cede or repledge this collateral. At the reporting date, although the Group has not sold or repledged any of the collateral held, the Group has ceded contingent rights to its loans and receivables as collateral for a loan facility in the amount of R400 million (refer note 14.1).

Reconciliation of allowance for impairment on loans and receivables

	Interest-bearing loans R000	Shareholders' loans R000	Total R000
Group			
At 1 April 2011	161 998	11 545	173 543
Impairment allowance raised on new investments	37 101	51	37 152
Impairment reversed on investments written off or repaid	(58 453)	(1 729)	(60 182)
Increase in impairment allowance on existing investments	39 257	4 703	43 960
Decrease in impairment allowance on existing investments	(20 445)	(6 223)	(26 668)
At 31 March 2012	159 458	8 347	167 805
At 1 April 2012	**159 458**	**8 347**	**167 805**
Impairment allowance raised on new investments	**25 750**	**833**	**26 583**
Impairment reversed on investments written off or repaid	**(51 428)**	**(632)**	**(52 060)**
Increase in impairment allowance on existing investments	**35 330**	**4 632**	**39 962**
Decrease in impairment allowance on existing investments	**(22 641)**	**(1 101)**	**(23 742)**
At 31 March 2013	**146 469**	**12 079**	**158 548**
Company			
At 1 April 2011	160 085	11 545	171 630
Impairment allowance raised on new investments	36 839	51	36 890
Impairment reversed on investments written off or repaid	(57 722)	(1 729)	(59 451)
Increase in impairment allowance on existing investments	38 564	4 703	43 267
Decrease in impairment allowance on existing investments	(20 252)	(6 223)	(26 475)
At 31 March 2012	157 514	8 347	165 861
At 1 April 2012	**157 514**	**8 347**	**165 861**
Impairment allowance raised on new investments	**25 750**	**833**	**26 583**
Impairment reversed on investments written off or repaid	**(51 054)**	**(632)**	**(51 686)**
Increase in impairment allowance on existing investments	**35 053**	**4 632**	**39 685**
Decrease in impairment allowance on existing investments	**(22 459)**	**(1 101)**	**(23 560)**
At 31 March 2013	**144 804**	**12 079**	**156 883**

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000

5. Investments in associates

Audited financial statements are used to account for the share of associated companies' earnings. For those associates for which audited financial statements are not available, an estimation is made of the associated company's earnings. For the current year the estimated earnings amounted to R0,9 million before tax (2012: R1,3 million). A register containing details of all listed, unlisted and other investments is available at the registered office.

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Unlisted shares at cost	**2 181**	3 645	**380**	1 874
Share of retained earnings	**74 757**	73 498		
Total for unlisted associates	**76 938**	77 143	**380**	1 874
Directors' valuation of the investment in associates	**159 916**	185 174	**158 665**	184 422

The valuation methods applied to determine the directors' valuation are consistent with the valuation guidelines recommended by the South African Venture Capital and Private Equity Association (SAVCA).

The movement in investments in associates is as follows:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Balance – beginning of year	**77 143**	85 462	**1 874**	1 874
Share of results before tax	**29 203**	20 388		
Share of tax	**(7 201)**	(4 561)		
Other movements (net of acquisitions and disposals)	**(22 207)**	(24 146)	**(1 494)**	-
Balance – end of year	**76 938**	77 143	**380**	1 874

The Company has investments in 356 associates (2012: 399), a list of which is available at the registered office for inspection. The detail of the Company's investment in associates, principally their assets, liabilities, revenues, profits or losses and the percentage held, is not disclosed as these investments are not individually material to the results of the Group.

6. Property and equipment

6.1 Equipment

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Cost – beginning of year	**25 288**	24 139	**24 830**	23 913
Acquisitions	**2 818**	2 749	**2 752**	2 517
Disposals	**(739)**	(1 601)	**(726)**	(1 601)
Cost – end of year	**27 367**	25 287	**26 856**	24 829
Accumulated depreciation – beginning of year	**(20 518)**	(19 844)	**(20 342)**	(19 710)
Depreciation charged	**(2 670)**	(2 270)	**(2 571)**	(2 229)
Depreciation on disposals	**557**	1 597	**548**	1 597
Accumulated depreciation – end of year	**(22 631)**	(20 517)	**(22 365)**	(20 342)
Closing net carrying value	**4 736**	4 770	**4 491**	4 487

6.2 Land and buildings

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Cost – beginning of year	**89 876**	89 302	**1 147**	1 147
Additions	**439**	-	**-**	-
Improvements	**-**	574	**-**	-
Cost – end of year	**90 315**	89 876	**1 147**	1 147
Accumulated depreciation – beginning of year	**(5 816)**	(5 010)	**(31)**	(24)
Depreciation charged	**(833)**	(806)	**(7)**	(7)
Accumulated depreciation – end of year	**(6 649)**	(5 816)	**(38)**	(31)
Closing net carrying value	**83 666**	84 060	**1 109**	1 116
Total net carrying value for property and equipment	**88 402**	88 830	**5 600**	5 603

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
7. Investments in subsidiaries				
Unlisted shares at cost			**11**	11
Interest-free loans			**115 060**	107 173
Interest-bearing loans			**34 140**	38 250
Provisions			**(6 360)**	(6 363)
			142 851	139 071

Interest-bearing loans comprise a loan made available to Business Partners Properties 002 (Pty) Ltd to purchase a property. The loan has a tenure of 10 years and interest is charged at prime minus one percent.

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
The Company's interest in the aggregate net profits and losses of subsidiaries are:				
Profits			**33 565**	19 475
Losses			**(2 534)**	(2 014)

The details of the subsidiaries are disclosed in note 31.

8. Employee benefits

8.1 Pension funds

The Group operates a defined benefit pension fund as well as a defined contribution pension fund. All permanently employed personnel are members of the defined contribution fund. Both pension funds are funded by employee and employer contributions.

Defined Contribution Pension Fund

The Group pays fixed contributions into a separate trustee-administered fund in terms of the defined contribution plan. The Group has no legal or constructive obligation to pay additional contributions to the fund apart from those contributions that are contractual between the employer and employee. Should the fund not hold sufficient assets to pay employee benefits, no liability to make any additional contribution can or will accrue to the Group.

Defined Benefit Pension Fund

All active members of the defined benefit pension fund elected to become members of the defined contribution fund – the Business Partners Limited Retirement Fund – with effect from 1 March 2012. The Section 14 approval from the Registrar of Pension Funds was obtained on 9 July 2012, at which time the final transfer values of the active members was calculated and the assets were transferred to the defined contribution fund.

The past service liability as at 31 March 2013 in respect of pensioners, has been calculated in accordance with the method disclosed below. The last statutory valuation of the fund was conducted at 1 April 2011 in terms of section 16 of the Pension Fund Act of 1956 (as amended).

Projected Unit Credit valuation performed in terms of the requirements of IAS 19, Employee Benefits

An actuarial valuation of the defined benefit pension fund was performed effective for 31 March 2013 by applying the Projected Unit Credit method in line with the requirements of IAS 19, Employee Benefits. There are no current service costs since the fund has no active members. The interest cost represents the increase during the year in the past service obligation which arises because the benefits are one year closer to settlement, and is determined by multiplying the discount rate by the average liability over the period. The funding level, in terms of the market value of the plan assets and this valuation basis and assumptions, was 179,8 percent (2012: 120,6 percent).

	2013 R000	2012 R000	2011 R000	2010 R000	2009 R000
The results of the valuation are as follows:					
Defined benefit obligation – beginning of year	**386 349**	325 167	296 678	281 875	278 774
Interest cost	**21 193**	32 528	29 849	26 613	27 191
Current service cost	**-**	10 403	10 460	10 540	10 813
Settlement cost	**-**	31 541	-	-	-
Benefits paid	**(319 279)**	(18 991)	(27 756)	(23 564)	(35 382)
	(298 086)	55 481	12 553	13 589	2 622
Actuarial losses	**8 380**	5 701	15 936	1 214	479
Defined benefit obligation – end of year	**96 643**	386 349	325 167	296 678	281 875
The total value of the defined benefit obligation is made up as follows:					
Active members	**-**	299 157	240 574	224 724	209 109
Pensioners	**96 643**	87 192	84 593	71 954	72 766
Defined benefit obligation – end of year	**96 643**	386 349	325 167	296 678	281 875
Market value of assets – beginning of year	**483 372**	453 705	429 504	339 498	423 661
Return due to transferred members	**15 091**	-	-	-	-
Benefits transferred to retirement fund	**(312 268)**	-	-	-	-
	186 195	453 705	429 504	339 498	423 661
Expected return on assets	**16 531**	42 806	40 521	30 291	40 072
Actuarial gains / (losses)	**9 548**	(702)	1 220	75 268	(96 887)
Employer contributions	**-**	6 919	7 670	7 541	7 314
Member contributions	**-**	2 489	2 762	2 716	2 632
Benefits paid	**(7 011)**	(18 991)	(27 756)	(23 564)	(35 382)
Expenses and tax paid	**(1 186)**	(2 854)	(216)	(2 246)	(1 912)
Market value of assets – end of year	**204 077**	483 372	453 705	429 504	339 498
The principal actuarial assumptions used were:					
Discount rate	**9,2%**	9,6%	9,6%	9,2%	9,7%
Expected rate of return on assets	**9,2%**	9,6%	9,6%	9,2%	9,7%
Expected future salary increases	**N/A**	7,7%	7,0%	6,9%	7,9%
Expected average remaining working life	**N/A**	12,6	12,9	13,3	13,7

	2013 R000	2012 R000
The amounts recognised in the statement of comprehensive income are as follows:		
Interest cost	**21 193**	32 528
Current service cost	**-**	10 403
Settlement cost	**-**	31 541
Expenses and tax paid	**1 186**	2 854
Expected return on plan assets	**(16 531)**	(42 806)
Return due to transferred members	**(15 091)**	-
Contributions	**-**	(9 408)
Release of contingency reserves as a result of the settlement	**-**	(17 361)
Total included in staff costs (refer note 21)	**(9 243)**	7 751
Actuarial losses and movement in contingency reserves	**1 381**	6 403
Total recognised in the statement of comprehensive income	**(7 862)**	14 154

The pension fund assets are administered by asset managers in accordance with prudential guidelines, and consist of the following:

Equity assets	**99 931**	276 265
Capital market assets	**52 160**	125 093
Money market assets	**51 986**	82 014
Market value of assets – end of year	**204 077**	483 372

No contributions will be made to the fund in the coming financial year.

Recognition of the surplus of the Defined Benefit Fund as an asset of the Company

In terms of the rules of the Fund – submitted and acknowledged by the FSB and recorded by the Registrar of Pension Funds – the surpluses in the Fund are for the benefit of the employer and are recognised as an asset on the statement of financial position. The movement in the surplus relating to the provision of pensions is recognised under staff costs in the profit and loss component of the statement of comprehensive income. Actuarial gains or losses arising from the valuation of the past service liability and actual return on plan assets are recognised under other comprehensive income. The Trustees established contingency reserves consisting of a Data Reserve and a Solvency Reserve amounting to R4,2 million (2012: R3,7 million) and R12,7 million (2012: R10,6 million) respectively. The increase in the value of the surplus of R7,9 million (2012: decrease of R14,2 million) is accounted for in the statement of comprehensive income.

Financial position of the Fund

Market value of assets	**204 077**	483 372
Less: Contingency reserves	**(16 841)**	(14 292)
Less: Past service liabilities	**(96 643)**	(386 349)
Defined benefit pension fund surplus	**90 593**	82 731

8.2 Post-retirement medical aid obligation

The Group has an obligation to provide post-retirement medical aid benefits to employees and pensioners in the service of the Group on or before 30 April 1999. The entitlement to these benefits is dependent upon the employee remaining in service until retirement age. The post-retirement medical aid subsidy increases annually by 89 percent of the Consumer Price Index ('CPI'). Accordingly, the main actuarial assumption used in determining the liability relates to the future movements in the CPI. The CPI assumption for the current year is 5,9 percent (2012: 5,7 percent). An investment return of 7,4 percent per annum was applied and is based on the yield on the R186 government bond as at 31 March 2013 (2012: 8,4 percent).

	Group		Company	
	2013 R000	2012 R000	**2013 R000**	2012 R000
The amounts recognised in the statement of comprehensive income are as follows:				
Interest cost	**6 327**	6 094	**6 327**	6 094
Current service cost	**809**	564	**809**	564
Total included in staff costs	**7 136**	6 658	**7 136**	6 658
Actuarial losses included in other comprehensive income	**14 040**	4 339	**14 040**	4 339
Total recognised in the statement of comprehensive income	**21 176**	10 997	**21 176**	10 997
Movement in liability recognised in the statement of financial position				
Liability – beginning of year	**75 631**	67 940	**75 631**	67 940
Benefits paid	**(3 289)**	(3 306)	**(3 289)**	(3 306)
Recognised in comprehensive income for the year	**21 176**	10 997	**21 176**	10 997
Liability – end of year	**93 518**	75 631	**93 518**	75 631

The actuarial loss of R14,0 million (2012: R4,3 million) is reflected in the statement of comprehensive income.

Should the subsidy inflation rate change by one percent, the impact would be as follows:

For a one percent increase the amounts are:		
– Increase in interest cost	R	761 000
– Increase in current service cost	R	139 000
– Increase in liability	R	13 717 965
For a one percent decrease the amounts are:		
– Decrease in interest cost	R	797 000
– Decrease in current service cost	R	140 000
– Decrease in liability	R	11 395 035

	Group		Company	
	2013	2012	**2013**	2012
	R000	R000	**R000**	R000
9. Assets held for resale				
Repossessed properties (at lower of cost or net realisable value)	**8 819**	5 609	8 819	5 609
Other (at cost)	**10**	12	10	12
	8 829	5 621	8 829	5 621

Repossessed assets, which comprise mainly properties acquired at auction, were used to reduce the outstanding indebtedness of clients and are sold as soon as practical.

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
10. Accounts receivable				
Rent debtors	**16 036**	11 603	**9 971**	7 595
Trade receivables	**12 140**	8 944	**4 596**	4 596
Insurance pre-paid and claims receivable	**2 949**	314	**2 750**	314
Sundry deposits	**1 749**	1 497	**1 251**	1 035
Tenant deposits held in trust by subsidiary			**10 500**	9 200
Other	**903**	3 209	**799**	1 898
	33 777	25 567	**29 867**	24 638
11. Cash and cash equivalents				
Bank current and call accounts	**81 015**	19 683	**62 965**	2 074
Funds held in trust on behalf of third parties	**18 831**	16 170	**9 419**	7 898
	99 846	35 853	**72 384**	9 972
Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:				
Deposits and bank balances	**99 846**	35 853	**72 384**	9 972
Bank overdraft (refer note 14.1)	**-**	(188 304)	**-**	(188 304)
Cash and cash equivalents	**99 846**	(152 451)	**72 384**	(178 332)
12. Share capital				
12.1 Authorised				
400 000 000 ordinary shares of R1 each	**400 000**	400 000	**400 000**	400 000
12.2 Issued				
173 000 594 (2012: 178 834 594) ordinary shares of R1 each	**173 001**	178 835	**173 001**	178 835
5 834 000 treasury shares held by the share trust	**-**	(15 292)		
173 000 594 ordinary shares	**173 001**	163 543	**173 001**	178 835

12.3 Unissued shares

Ten percent of the unissued shares are under the control of the directors in terms of a general authority to allot and issue shares on such terms and k and at such times as they deem fit.

This general authority expires at the forthcoming annual general meeting of the Company.

The Company had a share incentive scheme in terms of which shares were issued and options were granted (refer note 30).

13. Fair value and other reserves

		Net actuarial loss on post-retirement benefits R000	Fair value adjustment to financial instruments R000	Foreign currency translation reserve R000	Share of other comprehensive income of associates R000	Total R000
Group						
At 1 April 2011		53 410	76	1 808	1 931	57 225
Actuarial loss on defined benefit pension fund	- gross	(6 403)				(6 403)
	- tax	1 793				1 793
Actuarial loss on post-retirement medical aid obligation	- gross	(4 339)				(4 339)
	- tax	1 215				1 215
Revaluation	- gross		(3)			(3)
	- tax		1			1
Currency translation differences				443		443
Share of associates other comprehensive income					(380)	(380)
At 31 March 2012		45 676	74	2 251	1 551	49 552
At 1 April 2012		**45 676**	**74**	**2 251**	**1 551**	**49 552**
Actuarial loss on defined benefit pension fund	- gross	**(1 381)**				**(1 381)**
	- tax	**387**				**387**
Actuarial loss on post-retirement medical aid obligation	- gross	**(14 040)**				**(14 040)**
	- tax	**3 931**				**3 931**
Revaluation	- gross		**13**			**13**
	- tax		**(4)**			**(4)**
Currency translation differences				**796**		**796**
Share of associates other comprehensive income					**(595)**	**(595)**
At 31 March 2013		**34 573**	**83**	**3 047**	**956**	**38 659**
Company						
At 1 April 2011		53 410	75	-	-	53 485
Actuarial loss on defined benefit pension fund	- gross	(6 403)				(6 403)
	- tax	1 793				1 793
Actuarial loss on post-retirement medical aid obligation	- gross	(4 339)				(4 339)
	- tax	1 215				1 215
Revaluation	- gross		(3)			(3)
	- tax		1			1
At 31 March 2012		45 676	73	-	-	45 749
At 1 April 2012		**45 676**	**73**	**-**	**-**	**45 749**
Actuarial loss on defined benefit pension fund	- gross	**(1 381)**				**(1 381)**
	- tax	**387**				**387**
Actuarial loss on post-retirement medical aid obligation	- gross	**(14 040)**				**(14 040)**
	- tax	**3 931**				**3 931**
Revaluation	- gross		**13**			**13**
	- tax		**(4)**			**(4)**
At 31 March 2013		**34 573**	**82**	**-**	**-**	**34 655**

	Group		Company	
	2013 R000	2012 R000	**2013 R000**	2012 R000
14. Borrowings				
14.1 Non-current				
Interest-free long-term loans	**173**	173	**173**	173
Interest-bearing long-term borrowings	**453 951**	194 841	**453 951**	194 841
	454 124	195 014	**454 124**	195 014
Current				
Short-term portion of long-term borrowings	**36 004**	28 312	**36 004**	28 312
Bank overdraft (refer note 11)	**-**	188 304	**-**	188 304
	36 004	216 616	**36 004**	216 616
	490 128	411 630	**490 128**	411 630

The nature and terms of interest-bearing long-term loans are as follows:

- loans secured by bonds over properties and incurring interest at rates between prime minus 0,5 percent and prime minus one percent. The loans' repayment terms are five and 10 years respectively. Refer note 2.3
- a loan secured by a cession of the loans and receivables and incurring interest at prime minus 1,5 percent. The loan's repayment term is 10 years. Refer note 2.3

14.2 Borrowing powers

	Company 2013 R000	Company 2012 R000
The maximum permitted borrowings in terms of the Company's memorandum of incorporation (calculated by multiplying the Company's total capital and reserves by a factor of 1,4).	**3 358 400**	3 217 550
Total borrowings	**490 128**	411 630

15. Deferred tax liability

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 28 percent (2012: 28 percent).

The movement on the deferred tax account is as follows:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Balance – beginning of year	**(23 762)**	(16 840)	**(21 529)**	(15 251)
Charge to profit and loss component of the statement of comprehensive income				
– Provisions	**1 035**	1 815	**883**	1 480
– Investment properties	**(5 386)**	(12 513)	**(3 050)**	(9 952)
– Fair value adjustments: financial instruments	**(3 570)**	(2 865)	**(3 617)**	(2 849)
– Defined benefit pension fund surplus	**(2 588)**	2 170	**(2 588)**	2 169
– Assessed losses	**(1 334)**	1 597	**-**	-
– Dividends received after the dividend cycle	**-**	(135)	**-**	(135)
Charged directly to other comprehensive income	**4 314**	3 009	**4 314**	3 009
Balance – end of year	**(31 291)**	(23 762)	**(25 587)**	(21 529)

Net deferred tax liabilities consist of temporary differences relating to:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
– Provisions	**55 715**	50 748	**52 907**	48 092
– Investment properties	**(54 285)**	(48 899)	**(42 503)**	(39 453)
– Fair value adjustments: financial instruments	**(11 972)**	(8 397)	**(10 625)**	(7 003)
– Defined benefit pension fund surplus	**(25 366)**	(23 165)	**(25 366)**	(23 165)
– Assessed losses	**4 617**	5 951	**-**	-
Net deferred tax liability	**(31 291)**	(23 762)	**(25 587)**	(21 529)

An ageing of the net deferred tax liability is as follows:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Deferred tax asset				
– Deferred tax assets to be recovered after more than 12 months	**83 464**	83 335	**76 612**	75 129
– Deferred tax assets to be recovered within 12 months	**7 366**	7 037	**6 793**	6 635
	90 830	90 372	**83 405**	81 764
Deferred tax liability				
– Deferred tax liabilities to be recovered after more than 12 months	**(92 623)**	(82 774)	**(79 494)**	(71 933)
– Deferred tax liabilities to be recovered within 12 months	**(29 498)**	(31 360)	**(29 498)**	(31 360)
	(122 121)	(114 134)	**(108 992)**	(103 293)
Net deferred tax liability	**(31 291)**	(23 762)	**(25 587)**	(21 529)

	Group		Company	
	2013 R000	2012 R000	**2013 R000**	2012 R000
16. Accounts payable				
Tenant deposits held	**10 757**	9 042	**9 419**	7 898
Funds held in trust	**8 074**	7 128	**-**	-
Trade vendors	**8 899**	6 443	**6 431**	4 822
Statutory vendors	**6 607**	5 390	**4 987**	4 848
Prepaid and deferred income	**6 258**	5 613	**4 526**	4 219
Other	**4 889**	5 712	**3 178**	3 739
	45 484	39 328	**28 541**	25 526

17. Provisions

	Leave pay R000	**Bonus R000**	**Total R000**
Group			
At 1 April 2011	16 509	18 330	34 839
Provided for the year	2 014	15 672	17 686
Utilised during the year	(2 742)	(13 138)	(15 880)
At 31 March 2012	15 781	20 864	36 645
At 1 April 2012	**15 781**	**20 864**	**36 645**
Provided for the year	**1 485**	**23 619**	**25 104**
Utilised during the year	**(1 290)**	**(20 740)**	**(22 030)**
At 31 March 2013	**15 976**	**23 743**	**39 719**
Company			
At 1 April 2011	16 169	17 898	34 067
Provided for the year	1 806	14 904	16 710
Utilised during the year	(2 676)	(12 728)	(15 404)
At 31 March 2012	15 299	20 074	35 373
At 1 April 2012	**15 299**	**20 074**	**35 373**
Provided for the year	**1 230**	**22 525**	**23 755**
Utilised during the year	**(1 275)**	**(19 946)**	**(21 221)**
At 31 March 2013	**15 254**	**22 653**	**37 907**

The provision for leave pay is determined in terms of the contractual obligations incorporated in the conditions of employment.

The provision for bonuses is payable within three months after finalisation of the audited financial statements.

	Group		Company	
	2013 R000	2012 R000	**2013 R000**	2012 R000
18. Net interest revenue				
Interest income	**248 992**	241 776	**250 169**	241 782
Interest on loans and receivables	**192 390**	192 371	**192 539**	191 629
Royalty fees	**51 812**	48 336	**50 806**	46 375
Interest on surplus funds	**4 790**	1 069	**4 039**	529
Interest on loans to subsidiaries			**2 785**	3 249
Interest expense	**(34 147)**	(22 780)	**(34 147)**	(22 780)
Interest-bearing borrowings	**(34 147)**	(20 132)	**(34 147)**	(20 132)
Bank overdraft	**-**	(2 648)	**-**	(2 648)
	214 845	218 996	**216 022**	219 002
19. Investment income and gains				
Investment income	**28 235**	35 671	**50 732**	61 313
Surplus on realisation of unlisted investments	**25 729**	28 159	**37 918**	46 258
Surplus on realisation of investment properties	**2 500**	7 508	**2 500**	7 508
Dividends received	**6**	4	**10 314**	7 547
Investment gains	**59 352**	54 424	**21 081**	28 440
Income from associated companies	**29 203**	20 388		
Fair value movement investment properties	**30 043**	33 918	**21 081**	28 440
Net foreign exchange rate differences	**106**	118	**-**	-
	87 587	90 095	**71 813**	89 753
20. Net credit losses				
Loans and receivables written off	**68 214**	84 880	**66 946**	77 411
Legal expenses incurred on recovery	**3 692**	3 239	**3 599**	3 205
Impairments released	**(9 259)**	(5 737)	**(8 980)**	(5 768)
Portfolio impairments created	**7 871**	5 928	**8 095**	6 004
Specific impairments released	**(17 130)**	(11 665)	**(17 075)**	(11 772)
Recovery of loans and receivables written off	**(17 739)**	(17 337)	**(17 571)**	(17 337)
	44 908	65 045	**43 994**	57 511
21. Staff costs				
Remuneration at cost to company	**117 993**	111 723	**109 397**	106 199
Post retirement medical aid costs (refer note 8.2)	**7 136**	6 658	**7 136**	6 658
Bonuses and provisions	**25 068**	17 726	**23 755**	16 710
	150 197	136 107	**140 288**	129 567
Defined benefit pension fund gain (refer note 8.1)	**(9 243)**	(6 429)	**(9 243)**	(6 429)
Settlement of active members (refer note 8.1)	**-**	14 180	**-**	14 180
Indirect staff costs	**2 827**	3 727	**2 647**	3 436
	143 781	147 585	**133 692**	140 754

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000

22. Profit from operations

The following items have been included in arriving at profit from operations:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Depreciation on property and equipment	**4 439**	3 270	**3 514**	2 430
Directors' emoluments				
– as directors	**2 023**	2 042	**2 023**	2 042
– as management	**10 260**	9 076	**10 260**	9 076
Auditor's remuneration				
– audit	**3 133**	3 004	**2 544**	2 594
– other services	**581**	120	**581**	120
Dividends received from subsidiaries			**(1 687)**	(836)
Loss / (surplus) on realisation of property and equipment	**54**	(124)	**54**	(124)

23. Tax expense

23.1 Tax charge through profit and loss component of comprehensive income

		Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Income tax	- current year	**19 579**	15 394	**14 551**	12 585
	- prior year	**(790)**	(1 725)	**(1 072)**	(1 866)
Deferred tax		**11 843**	9 931	**8 372**	9 287
		30 632	23 600	**21 851**	20 006
Secondary tax on companies		**-**	1 550	**-**	1 550
Dividends withholding tax		**4 011**	-	**7**	-
Tax of associated companies		**7 201**	4 561		
Capital gains tax		**6 762**	8 144	**6 762**	8 144
		48 606	37 855	**28 620**	29 700

23.2 Reconciliation of rate of taxation

	Group 2013	Group 2012	Company 2013	Company 2012
South African normal tax rate	**28,00%**	28,00%	**28,00%**	28,00%
Adjusted for:	**-1,73%**	-0,55%	**-13,37%**	-5,54%
Income not subject to tax	**-1,37%**	0,00%	**-2,77%**	-1,60%
Income subject to capital gains tax	**-3,10%**	-5,32%	**-10,05%**	-8,99%
Change in inclusion rate for capital gains tax	**0,00%**	6,15%	**0,00%**	6,00%
Secondary tax on companies	**0,00%**	1,22%	**0,00%**	1,27%
Dividends withholding tax	**2,17%**	0,00%	**0,00%**	0,00%
Prior year adjustments	**-0,13%**	-1,67%	**-0,28%**	-1,41%
Other	**0,70%**	-0,93%	**-0,28%**	-0,81%
Effective tax rate on profit before taxation	**26,27%**	27,45%	**14,63%**	22,46%

23.3 Tax charge through other comprehensive income

The tax effect of items accounted for in other comprehensive income is as follows:

	2013			2012		
	Before tax R000	Deferred tax R000	After tax R000	Before tax R000	Deferred tax R000	After tax R000
Group						
Actuarial loss on defined benefit pension fund	**(1 381)**	**387**	**(994)**	(6 403)	1 793	(4 610)
Actuarial loss on post-retirement medical aid obligation	**(14 041)**	**3 931**	**(10 110)**	(4 339)	1 215	(3 124)
Fair value adjustments of available-for-sale instruments	**13**	**(4)**	**9**	(3)	1	(2)
Share of other comprehensive income of associates	**(595)**	**-**	**(595)**	(380)	-	(380)
Foreign currency translation movements	**796**	**-**	**796**	443	-	443
Other comprehensive income	**(15 208)**	**4 314**	**(10 894)**	(10 682)	3 009	(7 673)
Company						
Actuarial loss on defined benefit pension fund	**(1 381)**	**387**	**(994)**	(6 403)	1 793	(4 610)
Actuarial loss on post-retirement medical aid obligation	**(14 041)**	**3 931**	**(10 110)**	(4 339)	1 215	(3 124)
Fair value adjustments of available-for-sale instruments	**13**	**(4)**	**9**	(3)	1	(2)
Other comprehensive income	**(15 409)**	**4 314**	**(11 095)**	(10 745)	3 009	(7 736)

	Group		Company	
	2013 R000	2012 R000	**2013 R000**	2012 R000

24. Earnings per share

Basic earnings per share is calculated by dividing the net profit by the number of ordinary shares in issue during the year.

24.1 Basic earnings per share

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Net profit	**136 347**	100 079		
Weighted number of ordinary shares ('000)	**173 001**	173 001		
Basic earnings per share (cents)	**78,8**	57,8		

24.2 Diluted earnings per share

In the computation of the number of shares used in the calculation of diluted earnings per share, the weighted average number of ordinary shares in issue is increased by the number of shares held by the share trust.

The net profit is adjusted by interest that would have been earned on the proceeds received from the sale of the shares held by the share trust for the time that those shares were held by the shares trust.

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Net profit	**136 347**	100 079		
Interest received (net of tax effect)	**896**	990		
Net profit used to determine diluted earnings per share	**137 243**	101 069		
Weighted number of ordinary shares ('000)	**173 001**	173 001		
Adjustment for potentially dilutive shares	**5 591**	5 834		
Number of ordinary shares used to determine diluted earnings per share	**178 592**	178 835		
Diluted earnings per share (cents)	**76,8**	56,5		

24.3 Headline earnings per share

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Net profit	**136 347**	100 079		
Adjustments net of tax				
– Capital loss / (profit) on sale of equipment	**44**	(107)		
– Profit on sale of property investments	**(2 034)**	(6 456)		
– Profit on sale of associates	**(20 931)**	(24 217)		
– Fair value adjustment of investment properties	**(24 441)**	(29 169)		
Headline earnings	**88 985**	40 130		
Headline earnings per share (cents)	**51,4**	23,2		

24.4 Diluted headline earnings per share

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Headline earnings	**88 985**	40 130		
Interest received (net of tax effect)	**896**	990		
Diluted headline earnings	**89 881**	41 120		
Diluted headline earnings per share (cents)	**50,3**	23,0		

	Group		Company	
	2013	2012	**2013**	2012
	R000	R000	**R000**	R000

25. Dividend per share

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Dividend in respect of 2012 of 13 cents per share paid on 24 August 2012 to shareholders registered on 14 August 2012	**22 490**		**23 248**	
Dividend in respect of 2011 of 12 cents per share paid on 12 August 2011 to shareholders registered on 2 August 2011		20 760		21 460
	22 490	20 760	**23 248**	21 460

A dividend in respect of 2013 of 15 cents per share was declared on 29 May 2013, due to shareholders registered on 13 August 2013, payable on or about 23 August 2013.

The dividend is subject to a dividend withholding tax at 15 percent. Tax payable is 2,2 cents per share, which results in a net dividend of 12,8 cents per share payable to shareholders who are not exempt from dividends withholding tax, or subject to a reduced rate.

26. Commitments and lease agreements

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Loans and receivables approved but not advanced	**295 262**	237 078	**295 262**	237 073
Capital committed to *En Commandite* partnerships (refer note 4)	**15**	35	**15**	35
Capital committed in respect of purchase of building	**45 843**	-	**45 843**	-
Lease agreements expiring within				
– 1 year	**1 610**	5 496	**9 355**	12 668
– between 1 and 5 years	**1 528**	1 403	**28 683**	26 546
– after 5 years	**-**	138	**24 815**	34 709
	344 258	244 150	**403 973**	311 031

27. Contingent liabilities

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Guarantees	**-**	4 040	**-**	4 040

The guarantees are issued to third parties on behalf of clients and will become liabilities in the event that the clients default on their obligations to third parties.

28. Cash flow information

28.1 Cash generated from operating activities

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Profit before taxation	**185 006**	137 901	**195 656**	132 231
Adjustments for non-cash items	**(25 090)**	(2 625)	**(58 100)**	(11 718)
Income from associated companies	**(29 203)**	(20 388)		
Dividends received	**(6)**	(4)	**(10 314)**	(7 547)
Surplus on sale of assets	**(28 176)**	(35 790)	**(40 364)**	(53 890)
Fair value adjustment of investment properties	**(30 043)**	(33 918)	**(21 081)**	(28 440)
Fair value adjustment of financial instruments	**(9 764)**	(7 678)	**(10 147)**	(7 225)
Depreciation	**4 439**	3 270	**3 514**	2 430
Credit losses – loans and receivables	**67 877**	89 719	**66 795**	82 185
Credit losses – rent debtors	**1 312**	3 987	**1 143**	3 535
Movement on post-retirement benefits	**(2 107)**	(766)	**(2 107)**	(766)
Foreign currency movements	**796**	443	**-**	-
Capital returned from investments	**-**	-	**(44 784)**	-
Provisions	**(215)**	(1 500)	**(755)**	(2 000)
Changes in working capital	**(5 263)**	(218)	**(5 428)**	(8 107)
Increase in inventory and assets held for resale	**(3 208)**	(4 425)	**(3 208)**	(4 425)
Increase in accounts receivable	**(8 210)**	(2 395)	**(5 230)**	(4 683)
Increase in accounts payable	**6 155**	6 602	**3 010**	1 001
Net finance cost	**29 357**	21 711	**27 324**	19 002
Cash generated from operating activities	**184 010**	156 769	**159 452**	131 408

	Group		Company	
	2013	2012	**2013**	2012
	R000	R000	**R000**	R000
28.2 Taxation paid				
Taxation (liability) / asset – beginning of year	**(5 824)**	3 299	**(6 713)**	2 172
Tax provision for the year	**(48 606)**	(37 855)	**(28 620)**	(29 700)
Deferred tax	**11 843**	9 931	**8 372**	9 287
Paid by associated companies	**7 201**	4 561		
Taxation liability – end of year	**2 040**	5 824	**2 576**	6 713
Taxation paid during the year	**(33 346)**	(14 240)	**(24 385)**	(11 528)
28.3 Dividends paid				
Dividends payable – beginning of year	**(71)**	(372)	**(71)**	(372)
Dividends declared	**(23 248)**	(21 460)	**(23 248)**	(21 460)
Dividends payable to the share trust	**758**	700		
Dividends payable – end of year	**83**	71	**83**	71
Dividends paid during the year	**(22 478)**	(21 061)	**(23 236)**	(21 761)

29. Related parties

29.1 Loans to / from related parties

	Company 2013 R000	Company 2012 R000
Loan from the Business Partners Employee Share Trust		
Balance – beginning of year	**10 854**	9 535
Amount (repaid) / advanced during the year	**(10 854)**	1 319
Balance – end of year	**-**	10 854
Loans to subsidiaries		
Balance – beginning of year	**149 914**	114 343
Amount (repaid) / advanced during the year	**(7 074)**	35 571
Balance – end of year	**142 840**	149 914
Dividends received from subsidiaries	**1 687**	836

29.2 Directors' remuneration

Payments made to directors and prescribed officers for services rendered during the year are as follows:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Non-executive directors				
JW Dreyer			**234**	215
G Gomwe			**36**	68
DR Geeringh			**273**	291
P Huysamer (Dr)			**115**	107
E Links (Dr)			**150**	169
ZJ Matlala			**94**	88
F Meisenholl			**153**	198
DM Moshapalo			**166**	184
SST Ngcobo			**112**	97
JP Rupert			**-**	23
ZZR Rustomjee (Dr)			**136**	151
VO Twala			**136**	143
NJ Williams			**85**	-
T van Wyk			**333**	308
Total			**2 023**	2 042
Executive directors				
N Martin			**4 136**	3 747
– Salary			**2 934**	2 742
– Bonuses and performance-related payments			**1 202**	1 005
C Botes			**2 756**	2 271
– Salary			**1 915**	1 790
– Bonuses and performance-related payments			**841**	481
G van Biljon			**3 368**	3 058
– Salary			**2 281**	2 131
– Bonuses and performance-related payments			**1 087**	927
Total			**10 260**	9 076
Prescribed officers				
BD Bierman			**2 630**	2 280
– Salary			**1 845**	1 725
– Bonuses and performance-related payments			**785**	555
			14 913	13 398

	Group		Company	
	2013 R000	2012 R000	**2013 R000**	2012 R000
29.3 Loans to associates				
Balance – beginning of year	**800 603**	733 474	**800 603**	733 474
Loans advanced during the year	**158 375**	235 452	**158 375**	235 452
Loan repayments received	**(106 926)**	(135 934)	**(106 926)**	(135 934)
Loans written off	**(15 696)**	(32 389)	**(15 696)**	(32 389)
Balance – end of year	**836 356**	800 603	**836 356**	800 603
Loans to associates consist of the following:				
– Interest-bearing loans	**740 177**	727 486	**740 177**	727 486
– Shareholders loans	**96 179**	73 117	**96 179**	73 117
Total loans to associates	**836 356**	800 603	**836 356**	800 603
The allowance for impairment as disclosed in note 4.3 as it relates to loans to associates is as follows:				
Impairment provision – beginning of year	**61 360**	72 594	**61 360**	72 594
Impairment allowance raised on new investments	**5 932**	13 528	**5 932**	13 528
Impairment reversed on investments written off / repaid	**(13 420)**	(29 487)	**(13 420)**	(29 487)
Increase in impairment allowance on existing investments	**20 633**	17 380	**20 633**	17 380
Decrease in impairment allowance on existing investments	**(8 505)**	(12 655)	**(8 505)**	(12 655)
Impairment provision – end of year	**66 000**	61 360	**66 000**	61 360

The loans provided to associates are part of the investment activities of the parent as set out in note 4.3 Interest-bearing loans and Shareholders' loans. The interest-bearing loans have an average payment period of seven years. The majority of shareholders' loans have no scheduled repayment date. Loans to associates are not required to be settled in the associate's shares. The Company does not provide guarantees in respect of its associates' debt.

30. Share incentive scheme

During 1998, an employee share incentive scheme was introduced and incorporated in the Business Partners Employee Share Trust. The trust granted share options to all employees from the period October 1998 to October 2003. Share options granted expired nine years after the allotment date and were, in terms of the trust deed, exercisable in three tranches; four, six and eight years after the allotment date. The Company had no legal or constructive obligation to repurchase or settle the options in cash.

The Company purchased the shares held by the share trust in February 2013 as part of a share buy-back arrangement.

	2013 Number of shares	2012 Number of shares
Unallocated options	**-**	5 834 000

31. Principal subsidiaries

	Share percentage held 2013 %	Share percentage held 2012 %	Shares at cost 2013 R	Shares at cost 2012 R	Loans 2013 R000	Loans 2012 R000
Business Partners International (Pty) Ltd	**80**	100	**80**	100	**15 129**	13 393
Business Partners Mentors (Pty) Ltd [1]	**100**	100	**100**	100	**-**	-
Business Partners Property Brokers (Pty) Ltd	**100**	100	**100**	100	**153**	-
Business Partners Venture Managers (Pty) Ltd [1]	**100**	100	**100**	100	**-**	-
Business Partners Ventures 1 (Pty) Ltd	**100**	100	**100**	100	**2 632**	8 653
Cussonia Trust (Pty) Ltd	**100**	100	**3**	3	**7 787**	9 507
Finance for the Third Millennium (Pty) Ltd [1]	**100**	100	**100**	100	**693**	693
JRC Properties (Pty) Ltd	**100**	100	**100**	100	**(1 926)**	(1 687)
Lindros Investments (Pty) Ltd	**100**	100	**4 000**	4 000	**81**	89
Business Partners Properties 002 (Pty) Ltd	**100**	100	**1 000**	1 000	**97 437**	92 887
Unitrade 106 (Pty) Ltd	**100**	100	**100**	100	**11 278**	14 381
Satinsky 289 (Pty) Ltd	**100**	100	**120**	120	**6 471**	6 666
Business Partners Employee Share Trust					**-**	(10 854)
Coral Lagoon Investments 175 (Pty) Ltd [2]	**-**	70	**-**	70	**-**	2 202
Rapitrade 594 (Pty) Ltd [2]	**60**	60	**72**	72	**5 151**	3 883
SF Coetzee Eiendomme (Pty) Ltd [2]	**60**	60	**72**	72	**3 441**	3 441
Yeoman Properties 1016 (Pty) Ltd [2]	**80**	80	**80**	80	**873**	2 169
Franchize Partners (Pty) Ltd – indirectly held [3]						
Business Partners International Madagascar Société Anonyme – indirectly held [4]						
Business Partners International Kenya Limited – indirectly held [5]						
Business Partners International Rwanda Limited – indirectly held [6]						
			6 127	6 217	**149 200**	145 423

All holdings are in the ordinary share capital of the entity concerned.

1 Dormant subsidiaries.
2 The financial year of these subsidiaries ends in February. Consolidation of the results are based on the latest audited financial statements received.
3 Franchize Partners (Pty) Ltd is a wholly-owned subsidiary of Business Partners Ventures 1 (Pty) Ltd.
4 Business Partners International Madagascar Société Anonyme is a wholly-owned subsidiary of Business Partners International (Pty) Ltd.
5 Business Partners International Kenya Limited is owned by Business Partners Limited (1 percent shareholding) and Business Partners International (Pty) Ltd (99 percent shareholding).
6 Business Partners International Rwanda Limited is a wholly-owned subsidiary of Business Partners International (Pty) Ltd.

32. Interest in joint ventures

The Company had a 50 percent interest in a joint venture with ZASM which ended in 2008. All the assets of the joint venture were realised during the year and the proceeds were distributed.

The Company's share of the assets and liabilities and revenue and results of the joint venture are included in the statement of financial position and statement of comprehensive income as follows:

	2013 R000	2012 R000
Loans and receivables	-	30
Current assets	-	100
Current liabilities	-	-
Net assets	-	130
Revenue	-	3
(Loss) / profit before taxation	(130)	3
Taxation	-	-
Net profit	(130)	3

33. Reclassifications

During the year, the statement of comprehensive income was expanded to reflect the operating activities of the Group more appropriately. Comparative information disclosed in the previous year was reclassified to be consistent with the current year's expanded disclosure. The reclassification did not affect total comprehensive income for the prior year as previously reported.

Where necessary, certain other comparatives have been reclassified to conform to current year presentations. These changes did not affect total comprehensive income nor net cash flow for the prior year. The following reclassifications of comparative information took place:

- Amounts relating to ***loans and receivables*** previously carried under ***accounts receivables*** were reclassified to loans and receivables.
- Amounts paid in advance by tenant debtors were reclassified from ***accounts receivable*** to ***accounts payable.***
- The cash flow disclosure was improved to better reflect the adjustment for non-cash items and the source of cash flows generated.

Notice Convening the Annual General Meeting

Notice is hereby given that the thirty second annual general meeting of shareholders of the Company will be held on **Tuesday, 13 August 2013 at 10h00,** in **the Auditorium of The Court House, 2 Saxon Road, Sandhurst, Sandton** to consider and, if deemed fit, pass with or without modifications, the resolutions below.

The record date for shareholders to –

i. receive this notice is Friday, 28 June 2013

ii. attend, participate in and vote at the annual general meeting is Tuesday, 30 July 2013

1. ordinary resolution no. 1: adoption of the audited annual financial statements for the year ended 31 March 2013
2. ordinary resolution no. 2: re-appointment of PricewaterhouseCoopers Inc. as the independent auditors of the Company for the 2013/2014 financial year
3. ordinary resolution no. 3: election of directors and re-election of the directors retiring by rotation in terms of article 20.1.2 of the Company's memorandum of incorporation
4. ordinary resolution no. 4: re-election of the executive directors, appointed by the board of directors in terms of article 20.2 of the Company's memorandum of incorporation, retiring following the adoption of the Company's new memorandum of incorporation by shareholders
5. ordinary resolution no. 5: (re-)election of the audit and risk committee members
6. special resolution no. 1: approval of the non-executive directors' remuneration for the 2014/2015 financial year
7. special resolution no. 2: approval of financial assistance to related and inter-related entities for the 2014/2015 financial year

A shareholder who is entitled to vote at the annual general meeting is entitled to appoint a proxy to attend and speak on her/his behalf and to vote in her/his stead. A proxy need not be a shareholder of the Company.

The original form of proxy and the certified copy of the authority under which the proxy is signed must reach the Company's registered office by no later than 10h00 on Thursday, 8 August 2013.

Between 10 and 30 minutes before the appointed time for the meeting to begin, any person who is attending or participating in the meeting, either as a shareholder or a proxy for a shareholder, must present reasonably satisfactory identification to the Company Secretary.

By order of the Board.

Ms C M Gerbrands
Company Secretary
29 May 2013

Full details of the resolutions are set out in a separate notice to shareholders. The separate notice and the form of proxy are inserted as a loose-leaf in this Annual Report.

Corporate information

COMPANY REGISTRATION NUMBER
1981/000918/06

COMPANY SECRETARY
Ms CM Gerbrands

REGISTERED OFFICE
37 West Street
Houghton Estate
Johannesburg
2198

PO Box 7780
Johannesburg
2000

TELEPHONE
+27 11 713 6600

FAX
+27 11 713 6650

E-MAIL
enquiries@businesspartners.co.za

WEBSITE
www.businesspartners.co.za

AUDITORS
PricewaterhouseCoopers Inc.

BANKERS
Standard Bank of South Africa Limited

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown
2107

SHARE TRADING
Business Partners Limited shares can be traded by contacting the Company Secretary.

SOUTH AFRICA (+27)

Bellville
Tel: 021 919 3242
Fax: 021 919 3333

Bethlehem
Tel: 058 303 7842
Fax: 058 303 6801

Bloemfontein
Tel: 051 430 9846
Fax: 051 430 9847

Cape Town
Tel: 021 464 3600
Fax: 021 461 8720

Durban (Westville)
Tel: 031 240 7700
Fax: 031 266 7286

East London
Tel: 043 721 1525/6/7
Fax: 043 721 1528

East London (Arcadia)**
Tel: 043 743 5485
Fax: 043 743 0596

East Rand (Boksburg)
Tel: 011 395 4150
Fax: 011 395 2565

George
Tel: 044 873 6112
Fax: 044 873 3397

Johannesburg
Tel: 011 713 6600
Fax: 011 713 6650

Kuruman
Tel: 076 879 9402
Fax: 086 655 0617

Nelspruit
Tel: 013 752 3185
Fax: 013 752 4669

Pietermaritzburg
Tel: 033 342 1410
Fax: 086 764 3137

Polokwane
Tel: 015 297 1571
Fax: 015 297 1461

Port Elizabeth
Tel: 041 367 1082
Fax: 041 367 3962

Pretoria
Tel: 012 347 3208
Fax: 012 347 2198

Queenstown
Tel: 045 838 1004

Richards Bay
Tel: 035 789 7301
Fax: 035 789 6727

Springbok
Tel: 027 712 1120
Fax: 027 712 3519

Stellenbosch
Tel: 021 809 2160
Fax: 021 887 2001

Upington
Tel: 054 331 1172
Fax: 054 332 2334

Regional office (Johannesburg)
Tel: 011 713 6600
Fax: 011 713 6758

KENYA (+254)

Nairobi
Tel: 20 280 5000
Fax: 20 273 0589

MADAGASCAR (+261)

Antananarivo
Tel: 20 223 1017

RWANDA (+250)

Kigali
Tel: 252 585 065

** *Property Management Services only*

Business PARTNERS
Investing in Entrepreneurs

BUSINESS PARTNERS LIMITED CORPORATE OFFICE
37 West Street
Houghton Estate
Johannesburg
Tel: +27 11 713 6600
Fax: +27 11 713 6650
E-mail: enquiries@businesspartners.co.za
www.businesspartners.co.za

Company registration number: 1981/000918/06