MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED
(Registration number 2006/015293/07)
Group annual financial statements
for the year ended 31 March 2014

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Pay-television and internet subscriber platforms
Directors	DG Eriksson FG Sampson FLN Letele JJ Volkwyn JP Bekker - resigned 31 March 2014 KB Sibiya KD Moroka MI Patel S Dakile-Hlongwane SJZ Pacak T Vosloo - resigned 31 March 2014 B van Dijk - appointed 2 April 2014 T Jacobs - appointed 2 April 2014
Registered office	251 Oak Avenue Randburg 2194
Postal address	P O Box 1502 Randburg 2125
Holding company	MIH Holdings Proprietary Limited
Ultimate holding company	Naspers Limited
Auditors	PricewaterhouseCoopers Inc.
Secretary	LJ Klink

Prominent Notice
These annual financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act, 2008. Tim Jacobs (Group Chief Financial Officer) supervised the preparation of the annual financial statements.

The reports and statements set out below comprise the group annual financial statements presented to the shareholders:

Index

	Page
Audit Committee Report	3 - 4
Directors' Responsibilities and Approval	5
Directors' Report	6 - 7
Company Secretary's Certification	8
Independent Auditor's Report	9
Group Statement of Financial Position	10 - 11
Group Statement of Comprehensive Income	12
Group Statement of Changes in Equity	13
Group Statement of Cash Flows	14
Group and Company Accounting Policies	15 - 38
Notes to the Group Annual Financial Statements	39 - 81
Company Statement of Financial Position	82
Company Statement of Comprehensive Income	83
Company Statement of Changes in Equity	84
Company Statement of Cash Flows	85
Notes to the Company Annual Financial Statements	86

Audit Committee Report

1. Members of the Audit Committee

The members of the audit committee are all independent non-executive directors of the company and include:

Name of committee member	Qualifications
DG Eriksson	Chartered Accountant (SA)
FG Sampson	Bachelor of Science Bachelor of Business Management & Administration with Honours Master of Business Management & Administration
S Dakile-Hlongwane	Bachelor of Economics and Statistics Master of Development Economics

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 and Regulation 42 of the Companies Regulation, 2011.

2. Meetings held by the Audit Committee

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The audit committee meets at least three times per annum in accordance with the charter. All members act independently as described in section 94 of the Companies Act. During the year under review the following four meetings were held:

Date of meeting	Attendee's
28 May 2013	DG Eriksson (Chairman) and FG Sampson attended
4 September 2013	DG Eriksson (Chairman), FG Sampson and S Dakile-Hlongwane attended
31 October 2013	DG Eriksson (Chairman), FG Sampson and S Dakile-Hlongwane attended
5 March 2014	DG Eriksson (Chairman), FG Sampson and S Dakile-Hlongwane attended

3. External auditors

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act 71 of 2008 that internal governance processes within the firm support and demonstrate the claim to independence.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

4. Functions of the audit committee

The audit committee has adopted formal terms of reference, delegated to it by the board of directors, as its audit committee charter. The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the act as follows:

- Reviewed the year-end financial statements, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
- took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa;
- considered and, when appropriate, made recommendations on internal financial controls;
- dealt with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls; and
- reviewed legal matters that could have a significant impact on the organisation's financial statements;
- Reviewed external audit reports on the annual financial statements;

Audit Committee Report

- Reviewed the internal audit and risk management reports and, where relevant, recommendations being made to the board;
- Evaluated the effectiveness of risk management, controls and the governance processes;
- Verified the independence of the external auditors and nominated PricewaterhouseCoopers Inc. as the auditors for 2014 and noted the appointment of Ms SN Madikane as the designated auditor;
- Approved audit fees and engagement terms of the external auditors;
- Determined the nature and extent of allowable non-audit services and approved contract terms for the provision of non-audit services by the external auditors.

5. Discharge of responsibilities

The committee determined that during the financial year under review it had discharged its legal and other responsibilities as outlined in terms of its remit, details of which are included on page 3 of this report. The board concurred with this assessment.

6. Internal Audit

The audit committee fulfils an oversight role on the group's financial statements and the reporting process, including the systems of internal financial control. It is responsible for ensuring the internal audit function is independent and has the necessary resources, standing and authority in the organisation to enable it to discharge its duties. Furthermore, the committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.

7. Confidential meetings

Audit committee agendas provide for confidential meetings between the committee members and the internal and external auditors.

8. Expertise and experience of finance function

The committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.

DG Eriksson
Chair: Audit Committee
Johannesburg
06 June 2014

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of their operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC), interpretations issued and effective at the time of preparing these financial statements. The external auditors are engaged to express an independent opinion on the group annual financial statements.

The group annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC), interpretations issued and effective at the time of preparing these financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's group annual financial statements. The group annual financial statements have been examined by the company's external auditors and their report is presented on page 9.

The group annual financial statements set out on pages 10 to 86, which have been prepared on the going concern basis, were approved by the board on 6 June 2014 and were signed on its behalf by:

FLN Letele	MI Patel

Directors' Report

The directors have pleasure in submitting their report on the group annual financial statements of Multichoice South Africa Holdings Proprietary Limited and its subsidiaries, associates and joint ventures for the year ended 31 March 2014.

1. Nature of operations

MultiChoice South Africa Holdings Proprietary Limited ("MCSAH") was incorporated on 19 May 2006 under the laws of the Republic of South Africa. The principal activities of MCSAH and its operating subsidiaries, joint ventures and associated companies (collectively "the group") are the operation of pay-television and internet subscriber platforms. These activities are conducted primarily in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Operating and financial review

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year, with the exception of new standards required to be adopted in terms of IFRS. For further details refer to note 2 on page 39.

The Group recorded a net profit after tax for the year ended 31 March 2014 of R 6 296 million. This represented an increase of 36% from the net profit after tax of the prior year of R4 637 million.

Group revenue increased by 15% from R23 887 million in the prior year to R27 465 million for the year ended 31 March 2014.

Group cash flows from operating activities increased by 4% from R5 954 million in the prior year to R6 128 million for the year ended 31 March 2014.

3. Share capital

The authorised share capital at 31 March 2014 was 3 000 000 000 at R0.0001 each. Refer to note 17 for details of issued share capital.There have been no changes to the authorised or issued share capital during the year under review.

4. Directorate

The company's directors are as follows:

DG Eriksson
FG Sampson
FLN Letele
JJ Volkwyn
JP Bekker - resigned 31 March 2014
KB Sibiya
KD Moroka
MI Patel
S Dakile-Hlongwane
SJZ Pacak
T Vosloo - resigned 31 March 2014
B van Dijk - appointed 2 April 2014
T Jacobs - appointed 2 April 2014

Mr JP Bekker and Mr T Vosloo resigned as directors effective 31 March 2014. Mr B van Dijk was appointed on 2 April 2014 to succeed Mr JP Bekker. The Board expressed its sincere appreciation to JP Bekker and T Vosloo for their contributions during their respective periods of office.

Mr T Jacobs was appointed as an executive director effective 2 April 2014.

Directors' Report

5. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the group or in the policy regarding their use.

At 31 March 2014 the group's investment in property, plant and equipment amounted to R7 062 million (2013: R 6 164 million of which R2 840 million (2013: R 5 004 million) was added in the current year through additions.

The group's investment in new technologies continued, the most notable being the addition of a new transponder on the IS-20 satelite, which allows for additional capacity, enabling the launch of more HD channels and providing for new services to be delivered to customers.

The group has commitments in respect of contracts placed for capital expenditure to the amount of R672 million (2013: R965.5 million). Refer to note 28 for details. These commitments have been approved by the boards of directors of the various group companies.

6. Dividends

An ordinary dividend of R2.4 billion (2013: R2 billion) and a special dividend of R2.1 billion (2013: R3 billion) was paid in the current year. The ordinary dividend paid was 711.1 cents per share (2013: 592.6 cents per share) and the special dividend paid was 622.2 cents per share (2013: 888.9 cents per share). The board recommends that an ordinary dividend of R2.8 billion be declared (830 cents per share) and a special dividend of R2.7 billion (800 cents per share) be declared.

7. Group

MCSAH's principal shareholders are MIH Holdings Proprietary Limited, Phuthuma Nathi Investments Limited and Phuthuma Nathi Investments 2 Limited, who own 80%, 13.3% and 6.7% respectively. MCSAH's ultimate controlling party is Naspers Limited, a company listed on the JSE Securities Exchange of South Africa. All subsidiaries, joint ventures and associates share the same financial year-end as MCSAH.

The name, country of incorporation and effective financial percentage interest in each of the group's principal subsidiaries, joint arrangements and associates are disclosed in note 7 & 8 & 9.

On 7 February 2014 , the company acquired 15.62% of Smart Villliage Proprietary Limited from non-controliing interest at a purchase price of R8 million. The purchase price was settled through cash of R6 million and a contingent consideration of R2 million. For details relating to acquisitions in the group, refer to note 3 to the group annual financial statements.

8. Auditors

PricewaterhouseCoopers Inc. continued in office as auditors for the group for the next financial year.

At the AGM, the shareholders will be requested to reappoint PricewaterhouseCoopers Inc. as the independent external auditors of the company and to confirm Ms SN Madikane as the designated lead audit partner for the 2015 financial year.

9. Secretary

The company secretary is Ms LJ Klink.

10. Borrowings

The company has unlimited borrowing powers in terms of its Memorandum of Incorporation.

11. Events after the reporting period

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

Certificate by the Company Secretary

I, Lurica Jineanne Klink, being the company secretary of MultiChoice South Africa Holdings Proprietary Limited, certify that the company has, for the year under review, lodged all returns required of a private company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

LJ Klink
Company Secretary
Johannesburg
06 June 2014

pwc

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

We have audited the consolidated and separate financial statements of MultiChoice South Africa Holdings Proprietary Limited set out on pages 10 to 86 which comprise the statements of financial position as at 31 March 2014, 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 Group Annual Financial Statements

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

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of MultiChoice South Africa Holdings Proprietary Limited as at 31 March 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by Companies Act 71 of 2008

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: SN Madikane
Registered Auditor
Johannesburg
06 June 2014

Group Statement of Financial Position as at 31 March 2014

	Note(s)	2014 R '000	2013 R '000
Assets			
Non-Current Assets			
Property, plant and equipment	4	7 061 912	6 163 653
Goodwill	5	3 410 133	3 410 133
Other Intangible assets	6	257 332	210 982
Investments in associates	9	30 867	46 446
Investment in joint ventures	8	15 465	-
Available for sale investments	10	-	816 517
Derivative asset	10	-	53 153
Deferred taxation asset	11	542 454	350 138
Amounts due from related parties	24	199 762	114 191
		11 517 925	**11 165 213**
Current Assets			
Inventory	12	183 545	226 555
Programme and film rights	13	1 979 216	1 868 268
Trade receivables	14	730 211	631 423
Other receivables	15	1 850 781	1 338 094
Amounts due from related parties	24	1 078 798	895 727
Derivative asset	10	153 355	372 186
Current taxation asset		-	80 778
Cash and cash equivalents	16	2 593 513	1 573 671
		8 569 419	**6 986 702**
Total Assets		**20 087 344**	**18 151 915**
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital and premuim	17	17 216 270	17 216 270
Reserves and other reserves		(14 968 793)	(14 063 031)
Retained earnings		5 720 213	3 963 084
Atttibutable to equity holders of the group		7 967 690	7 116 323
Non-controlling interest		-	(14 661)
		7 967 690	**7 101 662**
Liabilities			
Non-Current Liabilities			
Finance lease liabilities	20	3 729 489	3 290 439
Long term loan	22	650 602	860 708
Share based payment liability	26	130 396	91 015
Derivative liability	10	19 234	-
Deferred taxation liabilty	11	149 273	121 419
Amounts due to related parties	24	41 324	-
		4 720 318	**4 363 581**

The notes on pages 15 to 81 are an integral part of these group annual financial statements.

Group Statement of Financial Position as at 31 March 2014

	Note(s)	2014 R '000	2013 R '000
Current Liabilities			
Finance lease liabilities	20	219 464	174 835
Payable for programme and film rights	21	1 523 341	1 356 601
Other payables	27	3 282 741	2 837 931
Provisions	23	23 100	23 100
Trade payables		1 948 767	1 694 356
Share based payment liability	26	94 565	78 679
Amounts due to related parties	24	216 045	277 115
Derivative liability	10	34 211	-
Current taxation liability	38	57 102	-
Bank overdraft	16	-	244 055
		7 399 336	**6 686 672**
Total Liabilities		**12 119 654**	**11 050 253**
Total Equity and Liabilities		**20 087 344**	**18 151 915**

The notes on pages 15 to 81 are an integral part of these group annual financial statements.

MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

(Registration number 2006/015293/07)
Group Annual Financial Statements for the year ended 31 March 2014

Group Statement of Comprehensive Income

	Note(s)	2014 R '000	2013 R '000
Revenue	29	27 464 776	23 886 724
Cost of providing services and sale of goods		(14 408 814)	(13 394 329)
Gross profit		**13 055 962**	**10 492 395**
Other gains	30	5 546	4 719
Selling, general and administration costs		(5 105 418)	(3 482 555)
Operating profit	31	**7 956 090**	**7 014 559**
Finance income	32	109 492	87 411
Foreign exchange differences	34	(373 797)	(369 033)
Impairment of equity-accounted investments	8&9	(23 481)	(5 000)
Share of equity-accounted investments' results	8&9	3 642	(463)
Acquisitions and disposals		1 385 833	2 596
Finance costs	33	(486 312)	(266 082)
Profit before taxation		**8 571 467**	**6 463 988**
Taxation	36	(2 275 748)	(1 826 813)
Net profit for the year		**6 295 719**	**4 637 175**
Items of other comprehensive income that may be reclassified to profit or loss:			
Foreign currency translations			
Net gain, gross		24 917	32 984
Net gain, tax portion		(27)	-
Changes in value of available-for-sale investments, up to and including the date of sale			
- Net gains in the changes in value of available-for-sale investment, gross		732 256	176 572
- Net gains in the changes in available-for-sale investment, tax portion		(268 180)	-
Reclassification of fair value reserve on sale of investment in Naspers shares			
- Reclassification of fair value reserve on sale of investment in Naspers Ltd shares, gross		(1 457 295)	-
- Reclassification of fair value reserve on sale of investment in Naspers Ltd shares, tax		268 180	-
Changes in value of cash flow hedges			
- Net loss in the changes in cash flow hedge, gross		(278 792)	202 854
- Net loss in the changes in cash flow hedge, tax		77 246	(56 919)
Total other comprehensive income for the year		**(901 695)**	**355 491**
		-	-
Total comprehensive income		**5 394 024**	**4 992 666**
Profit attributable to :			
Owners of the parent		6 299 148	4 642 872
Non-controlling interest		(3 429)	(5 697)
		6 295 719	**4 637 175**
Total comprehensive income attributable to:			
Owners of the parent		5 397 453	4 998 363
Non-controlling interest		(3 429)	(5 697)
		5 394 024	**4 992 666**

The notes on pages 15 to 81 are an integral part of these group annual financial statements

MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED
(Registration number 2006/015293/07)
Group Annual Financial Statements for the year ended 31 March 2014

Group Statement of Changes in Equity

	Share capital	Share premium	Total share capital and premuim	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Share based payment reserve	Existing control business combination reserve	Retained earnings	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Balance at 01 April 2012	**34**	**17 216 236**	**17 216 270**	**707**	**20 857**	**565 449**	**108 094**	**(15 126 824)**	**4 320 212**	**7 104 765**	**(11 985)**	**7 092 780**
Profit for the year	-	-	-	-	-	-	-	-	4 642 872	4 642 872	(5 697)	4 637 175
Other comprehensive income	-	-	-	32 984	145 935	176 571	-	-	-	355 491	-	355 491
Total comprehensive income for the year	-	-	-	**32 984**	**145 935**	**176 571**	-	-	**4 642 872**	**4 998 362**	**(5 697)**	**4 992 666**
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	-	(3 351)	-	(3 351)	3 021	(330)
Share based compensation movements*	-	-	-	-	-	-	16 547	-	-	16 547	-	16 547
Dividends Paid	-	-	-	-	-	-	-	-	(5 000 000)	(5 000 000)	-	(5 000 000)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	-	-	**16 547**	**(3 351)**	**(5 000 000)**	**(4 986 804)**	**3 021**	**(4 983 783)**
Balance at 01 April 2013	**34**	**17 216 236**	**17 216 270**	**33 691**	**166 792**	**742 020**	**124 641**	**(15 130 175)**	**3 963 084**	**7 116 323**	**(14 661)**	**7 101 662**
IFRS 2 adjustments	-	-	-	-	-	-	22 024	-	(42 019)	(19 995)	-	(19 995)
Profit for the year	-	-	-	-	-	-	-	-	6 299 148	6 299 148	(3 429)	6 295 719
Other comprehensive income	-	-	-	24 890	(201 546)	(725 039)	-	-	-	(901 695)	-	(901 695)
Total comprehensive income for the year	-	-	-	**24 890**	**(201 546)**	**(725 039)**	-	-	**6 299 148**	**5 397 453**	**(3 429)**	**5 394 024**
Issue of shares	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	(4 500 000)	(4 500 000)	-	(4 500 000)
Acquistion of additional interest in subsidiary	-	-	-	-	-	-	-	(26 090)	-	(26 090)	18 090	(8 000)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	-	-	-	**(26 090)**	**(4 500 000)**	**(4 526 090)**	**18 090**	**(4 508 000)**
Balance at 31 March 2014	**34**	**17 216 236**	**17 216 270**	**58 580**	**(34 754)**	**16 981**	**146 665**	**(15 156 265)**	**5 720 213**	**7 967 690**	**-**	**7 967 690**
Note(s)	17	17	17		18	18	18	18&19				

* There is no tax impact for this item

The notes on pages 15 to 81 are an integral part of these group annual financial statements

Group Statement of Cash Flows

	Note(s)	2014 R '000	2013 R '000
Cash flows from operating activities			
Cash receipts from customers		26 853 289	23 616 502
Cash paid to suppliers and employees		(18 252 415)	(15 480 471)
Cash generated from operations	37	8 600 874	8 136 031
Net interest received	39	(238 761)	(137 963)
Dividends received from Naspers Ltd (listed investment)		5 546	4 719
Tax paid	38	(2 240 078)	(2 048 957)
Net cash from operating activities		**6 127 581**	**5 953 830**
Cash flows from investing activities			
Purchase of property, plant and equipment	40	(2 642 395)	(1 315 433)
Proceeds from disposal of property, plant and equipment		1 123 289	3 399
Purchase of other intangible assets	6	(142 309)	(151 095)
Proceeds from disposal of other intangible assets		12 961	15 756
Acquisition of subsidiary		-	11 033
Disposal of partial interest in associates		467	-
Disposal of partial interest in joint venture		489	-
Loans made to associates		-	(1 406)
Loans made to joint ventures		(101)	-
Proceeds from disposal of other investments		1 649 151	(4 189)
Net cash from investing activities		**1 552**	**(1 441 935)**
Cash flows from financing activities			
Proceeds from long term loans		427 863	860 000
Payments of long term borrowings		(600 000)	-
Proceeds of short term borrowings		43 593	-
Payment of short term borrowings		(10 986)	-
Funding from related party		(38 976)	(54 378)
Finance lease payments		(193 702)	(188 323)
Dividends paid		(4 500 000)	(5 000 000)
Acquisition of additional interest in subsidiary		(6 000)	(350)
Purchase of shares for share based compensation		(25 515)	(24 242)
Net cash from financing activities		**(4 825 771)**	**(4 407 293)**
Total cash movement for the year		**1 303 362**	**104 602**
Cash at the beginning of the year		1 329 616	1 250 723
Effect of exchange rate movement on cash balances		(39 465)	(25 709)
Total cash at end of the year	16	**2 593 513**	**1 329 616**

The principal non-cash transactions are the acquisition of equipment using finance leases and equity-settled share based payment transactions.

The notes on page 15 to 81 are an integral part of these financial statements.

Accounting Policies

1. Presentation of Group Annual Financial Statements

The group and company annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations (IFRIC), interpretations issued and effective at the time of preparing these financial statements and the South African Companies Act 71 of 2008, as amended. The group and company annual financial statements have been prepared on the historical cost basis as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value with the movements recognised in the statement of comprehensive income, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

The accounting policies have been applied consistently compared to the prior year, with the exception of new standards required to be adopted in terms of IFRS. For further details refer to note 2 on page 39.

1.1 Consolidation

Basis of consolidation

The group annual financial statements incorporate the results of MultiChoice South Africa Holdings (Pty) Ltd and its subsidiaries, associates and joint ventures.

MultiChoice South Africa Holdings (Pty) Ltd has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries

The results of subsidiaries are included in the group annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the group annual financial statements of subsidiaries to bring their accounting policies in line with those of MultiChoice South Africa Holdings (Pty) Ltd.

All intra-group transactions, balances and unrealised gains and losses are eliminated in full on consolidation. Profits and losses arising from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Losses attributable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the MultiChoice South Africa Holdings (Pty) Ltd's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where MultiChoice South Africa Holdings (Pty) Ltd has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity in the existing control business combination reserve. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Accounting Policies

1.1 Consolidation (continued)

Business combinations

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

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

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

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

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

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

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

Disposals

When the group ceases to have control (subsidiaries) or significant influence (associates), any retained interest in the entity is remeasured to its fair value, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Accounting Policies

1.1 Consolidation (continued)

Common control transactions

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where that control is not transitory), are referred to as common control transactions. The accounting policy for the acquiring entity would be to account for the transaction at book values in its consolidated financial statements. The book values of the acquired entity are the consolidated book values as reflected in the group annual financial statements of the selling entity. The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions, will be allocated to the existing business combination reserve in equity. Where comparative periods are presented, the financial statements and financial information are not restated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Transactions with non-controlling shareholders

The group applies the economic entity model in accounting for transactions with non-controlling shareholders. In terms of this model, non-controlling shareholders are viewed as equity participants of the group and all transactions with non-controlling shareholders are therefore accounted for as equity transactions and included in the statement of changes in equity. On acquisition of an interest from a non-controlling shareholder, any excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired, is allocated to a separate component of equity. Dilution profits and losses relating to non-wholly owned subsidiary entities are similarly accounted for in the statement of changes in equity in terms of the economic entity model.

Accounting Policies

1.1 Consolidation (continued)

Investment in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 (Non-current assets held-for-sale and discontinued operations). Under the equity method, investments in associates are carried in the group statement of financial position at cost adjusted for post acquisition changes in the group's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the group's interest in that associate are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

The group applies the "cost of each purchase" method for step acquisitions of associates. With this method the cost of an associate acquired in stages is measured as the sum of the consideration paid for each purchase plus a share of the investee's profits and other equity movements. Any other comprehensive income recognised in prior periods in relation to the previously held stake in the acquired associate is reversed through equity and a share of profits and other equity movements is also recorded in equity. Any acquisition-related costs are treated as part of the investment in the associate.

When the group increases its shareholding in an associate and continues to have significant influence, the group adds the cost of the additional investment to the carrying value of the associate. The goodwill arising is calculated based on the fair value information at the date the additional interest is acquired.

The group's share of post-acquisition profit or loss is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. Where the group's share of losses in the associate equals or exceeds its interest in the associate, including any unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit / (loss) of associates' in the statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associates are recognised in the group's financial statements only to the extent of the unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency of the policies adopted by the group.

Dilution gains and losses arising on disposal of investments in associates are recognised in the statement of profit or loss.

Accounting Policies

1.1 Consolidation (continued)

Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An interest in a joint venture is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 (Non-current assets held-for-sale and discontinued operations). Under the equity method, interests in joint ventures are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the company's share of net assets of the joint venture, less any impairment losses. Profits or losses on transactions between the company and a joint venture are eliminated to the extent of the company's interest therein.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The group does not recognise its share of gains or losses from the joint venture that results from the purchase of assets by the group from the joint venture until it resells the assets to an independent third party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

When the company loses joint control, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Where necessary, accounting policies for joint ventures have been changed to ensure consistency with the policies adopted by the group.

1.2 Interests in subsidiaries

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

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

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.3 Investments in associates

An investment in an associate is carried at cost less any accumulated impairment.

Accounting Policies

1.4 Financial instruments

Classification

The group classifies its financial assets into the following categories: at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and revaluates on an annual basis.

Financial assets at fair value through profit or loss

Financial assets designated as fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of sale in the short term. Derivatives are also recognised as held for trading unless they are designated as hedging instruments. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current. At 31 March 2013 and 2014, the group had no financial assets at fair value through profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within twelve months of the end of the current 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 maturities greater than twelve months after the end of the reporting period, which are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables', 'amounts due from related parties' and 'cash and cash equivalents' in the statement of financial position.

Initial recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

Gains and losses arising from the changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within selling, general and administration costs in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the statement of profit or loss as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the statement of profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of 'other gains' when the group's right to receive payment has been established.

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.

Derecognition

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 risks and rewards of ownership.

Accounting Policies

1.4 Financial instruments (continued)

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition).

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to/(from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method less provision for impairment.

Accounting Policies

1.4 Financial instruments (continued)

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

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

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, net of transaction costs incurred. Subsequently they are measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

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 some or all of the facility will be drawn-down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

The group has certain financial liabilities in respect of programme and film rights which are measured at amortised cost using the effective interest rate method. Certain programme and film rights have settlement dates that are not short term in nature; therefore these liabilities are recorded as non-current liabilities and have been recorded at the present value of expected future cash flows.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitment (fair value hedge), or a hedge of a forecasted transaction or of the foreign currency risk of a firm commitment (cash flow hedge).

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

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

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

Accounting Policies

1.4 Financial instruments (continued)

Hedging activities

Designated and effective hedging instruments are excluded from the definition of financial instruments at fair value through profit or loss.

The company designates certain derivatives as either:
- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge)
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);
- hedges of a net investment in a foreign operation (net investment hedge).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged item

Movements on the hedging reserve are shown in the hedging reserve within other comprehensive income.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recorded in the statement of comprehensive income, along with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of forward exchange contracts is recognised in the statement of profit or loss within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the statement of profit or loss within "selling, general and administrative expenses" and "cost of providing services and sale of goods".

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised to other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

However, when the forecast transaction that is hedged results in the recognition of a non-financial item (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity in other comprehensive income and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in the cost of goods sold in the case of inventory and depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in statement of profit or loss.

When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised transferred to the statement of profit or loss.

1.5 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Accounting Policies

1.5 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Buildings comprise mainly offices. Land and buildings are stated at historical cost. Land is not depreciated as it is deemed to have an indefinite useful life.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Land which are carried at historical cost

The group applied the component approach whereby parts of some items of property, plant and equipment may require replacement at regular intervals. The carrying amount of an item of property, plant and equipment will include the cost of replacing the part of such an item when that cost is incurred, if it is probable that future economic benefits will flow to the group and the cost can be reliably measured. The carrying amount of those parts that are replaced is derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. All other borrowing costs are expensed in the period in which they are incurred. A qualifying asset is an asset that takes more than a year to get ready for its intended use or sale.

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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the group and the cost can be reliably measured. Major renovations are depreciated over the remaining useful economic life of the related asset.

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

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Land	Indefinite
Buildings	50 years
Transmission equipment	5 to 20 years
Computer equipment	3 to 5 years
Office equipment	2 to 10 years
Furniture	5 years
Vehicles	3 to 10 years

The carrying values of property, plant and equipment are reviewed periodically to assess whether or not the net recoverable amount has declined below the carrying amount. In the event of such impairment, the carrying amount is reduced and the reduction is charged as an expense against income.

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

Work in progress is defined as assets still in the construction phase and not yet available for use. These assets are carried at initial cost and are not depreciated. Depreciation on these assets commence when they become available-for-use and depreciation periods are based on management's assessment of their useful lives

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

Accounting Policies

1.5 Property, plant and equipment (continued)

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

Major leasehold improvements are amortised over the shorter of their respective lease periods and estimated useful economic life. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the group and the cost can be reliably measured. Major renovations are depreciated over the remaining useful economic life of the related asset.

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.

1.6 Leased assets

The group leases certain property, plant and equipment. Leases of property, plant and equipment, except land, are classified as finance leases where, substantially all risks and rewards associated with ownership of an asset are transferred from the lessor to the group as lessee. Assets classified as finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the estimated present value of the underlying minimum lease payments, with the related lease obligation recognised at the estimated present value of the minimum lease payments. Bank rates are used to calculate present values of minimum lease payments. Capitalised leased assets are depreciated over their estimated useful lives, limited to the duration of the lease agreement.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the third-party lessor, are classified as operating leases. Operating lease rentals (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

1.7 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and operations and represents the excess of the consideration transferred over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisition of subsidiaries and joint ventures is presented separately from 'other intangible assets' in the statement of financial position. Goodwill on acquisitions of associates is included in 'investment in associates'.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of the value-in-use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

1.8 Other Intangible assets

An intangible asset is recognised when:

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

Other Intangible assets are initially recognised at cost.

Accounting Policies

1.8 Other Intangible assets (continued)

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs (software and website) that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

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

Directly attributable costs that are capitalised as part of the software product include software development employee costs and an appropriate portion of the relevant overheads.

Other development expenditures that do not meet these criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

No value is attributed to internally developed trademarks or similar rights and assets. The costs incurred to develop these items are charged to profit or loss in the period in which they are incurred.

Naming rights are carried at cost and are amortised against income over the period that future benefits are expected to arise.

Transfer fees in respect of player contracts acquired are capitalised and amortised over the contract period. The group regularly assesses whether there is any indication of impairment and any impairment loss is recognised immediately in profit or loss.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these other intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other other intangible assets amortisation is provided on a straight line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as other intangible assets.

Separately acquired intangible assets are shown at historical cost. Trademarks, brand names, subscriber bases, content agreements, customer relationships, the analogue licence, film library and licences acquired in a business combination are recognised at fair value at the acquisition date. These intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated on the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives subject to the following maximum limits

Item	**Useful life**
Intellectual property rights	3 years
Brand names	3 to 5 years
Soccer player rights	3 to 5 years
Subscriber base	5 years
Software (including internally developed software)	2 to 5 years
Content agreements	3 years
Customer relationships	5 years
Analogue license	4 years
Film library	2 years

Accounting Policies

1.9 Programme and film rights

Programme material rights

Purchased programme and film rights are stated at acquisition costs less accumulated amortisation. Programme material rights, which consist of the rights to broadcast programmes, series and films, are recorded at the date the rights come into license at the spot rates on the purchase date. The rights are amortised based on contracted screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.

Programme material rights contracted by the reporting date in respect of programmes, series and films not yet in license are disclosed as commitments.

Programme production costs

Programme production costs, which consist of all costs necessary to produce and complete a programme to be broadcast, are recorded at the lower of direct cost or net realisable value. Net realisable value is set at the average cost of programme material rights. Where a prepayment has been made on a right, the right will be recorded at the spot rate on prepayment date for the portion of the right prepaid and at the spot rate on licence date for the portion of the licence not prepaid.

Programme production costs are amortised based on contracted screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.

All programme production costs in excess of the expected net realisable value of the production on completion, are expensed when contracted.

Sports events rights

Sports events rights are recorded at the date that the period to which the events relate commences, at the rate of exchange ruling at that date. These rights are expensed over the period to which the events relate or where management has confirmed that it is its intention that the event will not be screened.

Payments made to negotiate and secure the broadcasting of sports events are expensed as incurred. Rights to future sport events contracted by the reporting date, but which have not yet commenced, are disclosed as commitments, except where payments have already been made, which are shown as prepaid expenses.

1.10 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the company also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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

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

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

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

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Accounting Policies

1.10 Impairment of assets (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

1.11 Inventory

Inventory are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of finished products and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs. Costs of inventories include the transfer from other comprehensive income of any gains or losses on qualifying cash flow hedges relating to inventory purchases..

When inventory is sold, the carrying amount of those inventory is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Provisions and contingencies

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure 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. The increase in the provision due to the passage of time is recognised as an interest expense in the statement of profit or loss.

Provisions are not recognised for future operating losses.

The group recognises the estimated liability on all products still under warranty at the statement of financial position date. The group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Restructuring provisions are recognised in the period in which the group becomes legally or constructively committed to payment.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Accounting Policies

1.12 Provisions and contingencies (continued)

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is determined by discounting the anticipated future cash flows expected to be required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.13 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period

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

Accounting Policies

1.13 Tax (continued)

Tax expenses

The tax expense for the period comprises current and deferred tax.

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations where the applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is provided in full, using the financial position liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred income tax is determined using the 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.

Using this method, the group is required to make provision for deferred taxation, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base. Provision for taxes, mainly withholding taxes, which could arise on the remittance of retained earnings, is only made if there is a current intention to remit such earnings.

The principal taxable or deductible temporary differences arise from depreciation on property, plant and equipment, other intangibles, provisions and other current liabilities, income received in advance, finance leases and tax losses carried forward. Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences and unused tax losses can be utilised.

The normal South African company tax rate used at the reporting date is 28% (2013: 28%). Capital gains tax is calculated as a percentage of the company tax rate. Up to 29 February 2012 it was 50% of the company tax rate,and has been increased to 66.66% from 1 March 2012. International tax rates vary from jurisdiction to jurisdiction.

Deferred tax assets and liabilities for South African entities at 31 March 2014 have been calculated using the 28% (2013: 28%) rate, being the rate that the group expects to apply to the periods when the assets are realised or the liabilities are settled.

Deferred taxation 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.

1.14 Leases

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

Accounting Policies

1.14 Leases (continued)

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

The lease payments are apportioned between the finance charge and reduction of the outstanding liability.The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessee

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

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

1.15 Translation of foreign currencies

Foreign currency transactions

Functional and presentation currency:

The consolidated annual financial statements are presented in Rand, which is the group's functional and presentation currency. All the material operations in the group have a Rand functional and presentation currency, which is the currency of the primary economic environment in which these companies operate.

Transactions and balances:

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous group annual financial statements are recognised in profit or loss in the period in which they arise, except when deferred in equity 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 profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within "cost of providing services and sale of goods" or "selling, general and administration costs".

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Accounting Policies

1.15 Translation of foreign currencies (continued)

Group companies

The results and financial position of a foreign operation (none of which have the currency of a hyperinflationary economy) are translated into the functional currency using the following procedures:

- 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;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill and fair value adjustments arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity.

1.16 Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the group and when specific criteria have been met for each of the group's activities as described below. The amount is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Product sales

Sales relate mainly to decoders and are recognised upon delivery of products and customer acceptance, net of sales taxes, VAT and discounts, and after eliminating sales within the group. Sales of goods are recognised when a group entity has delivered products to the retailer, the retailer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the retailer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the retailer, and either the retailer has accepted the products in accordance with the sales contract, or the group has objective evidence that all criteria for acceptance have been satisfied.

Subscription fees

Pay-television and internet subscription fees are earned over the period the services are provided. Subscription revenue arises from the monthly billing of subscribers for pay-television and internet services provided by the group. Revenue is recognised in the month the service is rendered. Any subscription revenue received in advance of the service being provided is recorded as deferred revenue and recognised in the month the service is provided.

Advertising revenues

The group mainly derives advertising revenues from advertisements broadcast on its pay-television platforms and shown online on its websites and instant messaging windows. Advertising revenues from pay-television are recognised upon showing. Online advertising revenues are recognised over the period in which the advertisements are displayed.

Accounting Policies

1.16 Revenue recognition (continued)

Sponsorship revenues

Sponsorship revenue is recognised at the time sponsored programmes are broadcast.

Decoder maintenance revenue

Decoder maintenance revenue is recognised over the period the service is provided.

1.17 Finance income

Finance income is recognised on a time-proportion basis using the effective interest rate method. Where a loan or receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as finance income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

1.18 Other income

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

1.19 Employee benefits

Short-term employee benefits

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

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

Bonus plans

The group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders and various other performance related considerations. The group recognises a provision where contractually obliged or where past practice has created a constructive obligation.

Medical aid benefits

The group's contributions to medical aid benefit funds for employees are recognised as an expense in the period during which the employees render services to the group.

Defined contribution plans

The group provides retirement benefits for its full-time employees, primarily by means of monthly contributions to a number of defined contribution pension and provident funds. The assets of these funds are generally held in separate trustee-administered funds. 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 have sufficient assets to pay all employees the benefits relating to employee service in current and prior periods. The group's contributions to retirement funds are recognised as an expense when the employees render the related service. The group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

1.20 Share based payments

The group operates a number of equity and cash-settled share-based compensation plans under which the entity receives services from employees as consideration for equity instruments (options and share appreciation rights ("SARs") of the group. the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);

Accounting Policies

1.20 Share based payments (continued)

- excluding the impact of any service and non-market performance vesting conditions (for example profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and the grant date.

At the end of each reporting period, the group revises the estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nomical value) and share premium.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award, as at the date of forfeiture, is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

If the share based payments vest immediately the services received are recognised in full.

A share option scheme is considered equity-settled when the option/gain is settled by the issue of a Naspers N share and the obligation to settle these lies with Naspers Limited. They are considered cash-settled when they are settled in cash or any other asset, including Naspers shares, where the obligation to settle these lies with the group. Each share trust deed/SAR plan, as appropriate, indicates whether a plan is to be settled by the issue of Naspers shares or not.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal) and share premium when the options are exercised.

1.21 Advertising expenses

Advertising expenses are expensed in the financial period in which they are incurred.

Accounting Policies

1.22 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

1.23 Share capital and equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.24 Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the group financial statements in the period in which the dividends are approved by the company's shareholders.

1.25 Significant judgements and sources of estimation uncertainty

The preparation of the consolidated financial statements necessitates the use of estimates, assumptions and judgements by management. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent assets and liabilities at the statement of financial position date as well as affecting the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates. Estimates are made regarding the fair value of intangible assets recognised in business combinations; impairment of goodwill, intangible assets, property, plant and equipment, financial assets, financial assets carried at amortised cost and other assets; the remeasurements required in business combinations and disposals of associates, joint ventures and subsidiaries; fair value measurements of level 2 and level 3 financial instruments; provisions; taxation; post-retirement medical aid benefits and equity compensation benefits. Significant judgements include:

Accounting Policies

1.25 Significant judgements and sources of estimation uncertainty (continued)

Assets carried at amortised cost

The group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a 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 the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

The group reviews its doubtful accounts on a monthly basis for estimated losses resulting from the inability of its customers to make the required payments. The group's customer base is dispersed across many geographic areas and is primarily residential in nature. The group generally does not require collateral from its customers.

The group analyses, amongst other things, historic bad debt experience, customer credit worthiness, current economic trends in each country where its customers are located and customer payment history when evaluating the adequacy of the allowance for doubtful accounts. If the financial condition of the group's customers was to deteriorate, resulting in impairment in their ability to make payments, additional charges may be required. The estimate may also change if the group experiences significant service failures or the number of disputes with customers increases significantly.

The group believes that the accounting estimate relating to doubtful accounts is a critical accounting estimate because changes in the estimated level of doubtful debts may materially affect net profit. The estimate for doubtful accounts is a critical accounting estimate for all of the group's businesses.

An increase of 10% on debts considered doubtful by management at year end would result in an increase in the provision for doubtful debts amounting to R12.9 million (2013: R9.6 million).

Allowance for slow moving, damaged and obsolete stock

The group values its inventories, which consist mainly of decoders and associated components, at the lower of cost and expected net realisable value, based on assumptions about future demand, market conditions and the useful life of the decoders used by the group. The group monitors inventory levels periodically based on the expected usage of such inventory. If actual market conditions prove to be less favourable than those projected by management, additional inventory write downs may be required. A provision for obsolete inventory of R308 million (2013: R249 million) was raised during the financial year. The group believes that its estimate relating to inventory write downs is a critical accounting estimate due to the assumptions and estimates that management is required to make in the determination of the expected net realisable value of inventories."

A decrease of 10% in estimated selling prices would result in an increase in the provision for inventory obsolescence amounting to R30.8 million (2013: R24.9 million).

Fair value of derivatives and other financial instruments

The fair value of derivatives that are not traded in an active market is determined by valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The group has used discounted cash flow analysis for various available-for-sale financial assets that are not traded in active markets

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Accounting Policies

1.25 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The group calculates depreciation of property, plant and equipment on a straight-line basis so as to write off the cost of the assets over their expected useful lives. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal or other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

Leased transponders and transmitters represent approximately 43% (2013: 39%) of the groups' property, plant and equipment as of 31 March 2014. All of the groups' leased transponders are capitalised and depreciated over their expected useful life because the term of the lease covers at least 75% of the transponder's estimated useful life.

The useful life of transponders depends on various factors. These factors include the success of the launch and the amount of fuel required for the transponder to be placed in the correct orbital location. Many factors can influence the useful life of a transponder. However, they are designed for operational redundancies to minimise service disruptions should critical systems fail.

Other significant assets of the group are computer equipment and broadcast infrastructure equipment. These types of assets' useful lives also depend on a number of factors. These factors include technological advancements and environmental placement. Many factors can influence the useful life of these assets. However, they are designed for operational redundancies to minimise service disruptions should critical systems fail.

The group considers this to be a critical accounting estimate because any material change in the useful lives of the group's property, plant and equipment would significantly impact the group's ability to generate future cash flows, and, depending on the asset, would have a material impact on the value of the property, plant and equipment stated on the group's statement of financial position and may decrease the group's net profit. Refer to note 4 for the impact of the change in estimates.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An increase in useful lives of non-leased operating assets of 1 year would result in a decrease in depreciation amounting to R157 million (2013: R114.3 million).

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 23 - Provisions.

Taxation

The group records the estimated future tax effect of temporary differences between the tax bases of its assets and liabilities and the amounts reported in the statement of financial position for such assets and liabilities, as well as the future tax effect of operating losses and tax credit carry forwards. The group follows specific and detailed guidelines regarding the recoverability of any tax assets recorded in the statement of financial position. The group assesses the probability that there will be adequate future taxable income generated to utilise the benefits relating to the deferred tax assets. If circumstances change, or if the expected level of future taxable income is not generated, the group would reassess the recoverability of the deferred tax assets recorded in its statement of financial position, which could lead to a write-down of such assets.

The group considers this to be a critical accounting estimate because if in the future the value of the deferred tax asset is determined to be less than or exceeds the recorded amount, there could be a material adjustment to the deferred tax asset stated on the group's statement of financial position as well as a material impact on the group's net profit.

Accounting Policies

1.25 Significant judgements and sources of estimation uncertainty (continued)

Estimated impairment of goodwill

Goodwill is tested annually to assess whether the group has suffered impairment, in accordance with the policy set out in notes 1.7 and 1.10. The recoverable amounts of the cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

The group believes that the accounting estimate relating to goodwill impairment is a critical accounting estimate because the discounted cash flows are highly susceptible to change from period to period because it requires the group's management to make assumptions about future sales volumes and the cost of providing services over the life of the goodwill and discount rates for media-based businesses in emerging markets, and because recognising an impairment could have a material impact on the value of the goodwill reported on the group's statement of financial position and the level of its net profit.

The discount rates applied to the cash flows, the growth rate to extrapolate the cash flows and the basis for determining the recoverable amount are disclosed per cash-generating unit in note 5 to the group annual financial statements.

Notes to the Group Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards, interpretations and annual improvements effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation/Annual improvement:	Effective date: Years beginning on or after	
• 2010 Annual Improvements Project: Amendments to IAS 28 Investments in Associates	01 March 2013	This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. As a result of this standard, MultiChoice South Africa Holdings (Pty) Ltd has accounted for it's investments in joint ventures for the 2014 financial year using the equity method. The results of the joints ventures are apportioned and presented in profit and loss on the line "share of equity-accounted investments' results". The balance of the investment is presented on the statement of financial position on the line "Investment in joint ventures".
• IFRS 10 Consolidated Financial Statements	01 January 2013	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. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. No material impact for MultiChoice South Africa Holdings (Pty) Ltd as no change in control for the 2014 financial year.

Notes to the Group Annual Financial Statements

	2014 R '000	2013 R '000

2. New Standards and Interpretations (continued)

• IAS 27 Separate Financial Statements	01 January 2013	This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. This has not had a material impact on the group for the 2014 financial year.
• IFRS 12 Disclosure of Interests in Other Entities	01 January 2013	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. The details of all interests has been disclosed accordingly. Refer to Note 7, 8 and 9.
• IFRS 13 Fair Value Measurement	01 January 2013	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 IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, 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 IFRSs or US GAAP. This standard has been applied during all fair value measurements in the preparation of the group annual financial statements. Refer to note 1,25 for further details.

2. New Standards and Interpretations (continued)

• IAS 1 – Annual Improvements for 2009 – 2011 cycle	01 January 2013	The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily. This standard was not applicable to the group for the 2014 financial year as there has been no material change in accounting policies, accounting estimates or errors.
• Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance.	01 January 2013	This standard provides for a more realistic reflection of joint arrangements by focusing 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. MultiChoice South Africa Holdings (Pty) ltd applied the definition of its joint arrangements and accounted for its investments accordingly. Refer to note 8 for further details.

Notes to the Group Annual Financial Statements

2. New Standards and Interpretations (continued)

2.2 Standards, interpretations and annual improvements not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2014 or later periods:

Standard/ Interpretation/Annual improvement:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	01 January 2015	2009 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. 2010 The IASB has updated IFRS 9, 'Financial instruments' 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.

Notes to the Group Annual Financial Statements

2. New Standards and Interpretations (continued)

• IFRS 9 Financial Instruments	01 January 2015	2011 The IASB has published an amendment to IFRS 9, 'Financial instruments',s 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 from 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 insurance 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.
• Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	01 January 2014	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.
• IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets	01 January 2014	These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.
• IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting	01 January 2014	The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in IFRS 9, 'Financial Instruments'.

Notes to the Group Annual Financial Statements

2. New Standards and Interpretations (continued)

• IFRS 10, IFRS 12 and IAS 27 – Investment Entities	01 January 2013	IFRS 10 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. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. IFRS 12 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. IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

3. Significant acquisitions and divestitures

On 7 February 2014, the company acquired 15.62% of Smart Villlage (Pty) Limited from non-controlling interest at a purchase price of R8 million. The purchase price was settled through cash of R6 million and a contingent consideration of R2 million.

On 1 November 2012, the group acquired an additional 3.75% interest in Smart Village (Pty) Ltd for a purchase consideration of R350,000. This increased the shareholding from 80.63% to 84.38% and resulted in a decrease of the common control reserve of R3.3 million.

On 1 March 2013, the group acquired 100% of MultiChoice Support Services (Pty) Ltd (formerly Digital Mobile Television (Pty) Ltd) for a purchase consideration of R31.2 million representing the carrying value of assets acquired.

	2014 R '000	2013 R '000
Recognised amounts of identifiable assets acquired and liabilities assumed		
Inventory	-	94
Other receivables	-	3 000
Trade payables	-	(452)
Cash	-	11 033
Related party receivables	-	112 455
Other payables	-	(33 542)
Related party payables	-	(61 401)
Total identifiable net assets	**-**	**31 187**
Consideration paid		
Loan	-	(31 187)

Notes to the Group Annual Financial Statements

4. Property, plant and equipment

	2014 R'000			2013 R'000		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land and buildings - Purchased	976 889	(198 826)	778 063	948 554	(151 593)	796 961
Land and buildings - Leased	35	(35)	-	-	-	-
Transmission equipment - Purchased	4 142 654	(1 469 234)	2 673 420	2 934 918	(1 114 987)	1 819 931
Transmission equipment - Leased	3 334 309	(331 906)	3 002 403	3 135 587	(111 753)	3 023 834
Computer and office equipment, furniture and vehicles - Purchased	1 481 568	(873 542)	608 026	1 084 821	(563 960)	520 861
Computer and office equipment, furniture and vehicles - Leased	-	-	-	2 941	(875)	2 066
Total	**9 935 455**	**(2 873 543)**	**7 061 912**	**8 106 821**	**(1 943 168)**	**6 163 653**

Notes to the Group Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014 (R'000)

	Opening balance	Additions	Disposals	Foreign exchange movements	Reallocations	Depreciation	Impairment loss	Total
Land and buildings - Purchased	796 961	79 391	(879)	15	(60 337)	(37 088)	-	778 063
Transmission equipment - Purchased	1 819 931	2 292 046	(1 124 197)	35	(14 046)	(300 349)	-	2 673 420
Transmission equipment - Leased	3 023 834	196 656	-	-	2 067	(220 154)	-	3 002 403
Computer and office equipment, furniture and vehicles - Purchased	520 861	272 345	(10 587)	186	45 283	(219 210)	(852)	608 026
Computer and office equipment, furniture and vehicles - Leased	2 066	-	-	-	(2 066)	-	-	-
	6 163 653	**2 840 438**	**(1 135 663)**	**236**	**(29 099)**	**(776 801)**	**(852)**	**7 061 912**

Reconciliation of property, plant and equipment - 2013 (R'000)

	Opening balance	Additions	Disposals	Foreign exchange movements	Reallocations	Depreciation	Impairment loss	Total
Land and buildings - Purchased	681 369	117 055	(49)	-	58 437	(31 656)	(28 195)	796 961
Land and buildings - Leased	31 031	-	-	-	(29 678)	(1 353)	-	-
Transmission equipment - Purchased	1 187 299	1 532 066	(559 037)	-	(43 325)	(265 235)	(31 837)	1 819 931
Transmission equipment - Leased	69 892	3 137 653	-	-	(1 438)	(182 273)	-	3 023 834
Computer and office equipment, furniture and vehicles - Purchased	473 817	216 912	(2 638)	74	20 312	(187 395)	(221)	520 861
Computer and office equipment, furniture and vehicles - Leased	2 432	-	(32)	-	(159)	(175)	-	2 066
	2 445 840	**5 003 686**	**(561 756)**	**74**	**4 149**	**(668 087)**	**(60 253)**	**6 163 653**

4. Property, plant and equipment (continued)

The group has pledged property, plant and equipment with a carrying value of R3 002 million at 31 March 2014 (R3 026 million at 31 March 2013) as security against certain term loans. (Refer to note 28 for details) The pledge mainly relates to assets acquired in terms of finance leases. The pledge would come into effect should default on the lease payments occur.

The Ulwazi auditorium was demolished during the 2013 financial year in anticipation of the construction of DStv's new premises and an impairment charge of R27.2 million was accordingly recorded. Studio and broadcast equipment located in Nigeria, with a net book value of R32.8 million, was impaired during the 2013 financial year. This arose as a result of the destruction of the equipment following a fire earlier that year.

In terms of IAS 8 'Accounting policies, changes in accounting estimates and errors' an assessment of the expected future benefits associated with property, plant and equipment was determined. There have been no changes in the estimated useful lives of assets in the year ended 31 March 2014 or 31 March 2013.

Classification of depreciation in profit or loss	**2014 R'000**	**2013 R'000**
Cost of providing services and sale of goods	624 304	556 451
Selling, general and administration costs	152 496	111 636
	776 800	**668 087**

Registers containing additional information on land and buildings are available for inspection at the registered offices of the respective group companies. The directors are of the opinion that the recoverable amount of each class of property exceeds the carrying amount,at which it is included in the statement of financial position.

5. Goodwill

	2014 R'000			2013 R'000		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	3 434 848	(24 715)	3 410 133	3 434 848	(24 715)	3 410 133

The group has allocated its goodwill and other intangible assets to its various cash-generating units. The recoverable amounts have been determined based on a value-in-use calculation. The value-in-use is based on pre-tax discounted cash flow calculations. The group based its cash flow calculations on three to five year budgeted and forecast information approved by senior management and the various boards of directors of group companies. Long-term average growth rates for the country in which the entities operate were used to extrapolate the cash flows into the future. The key assumptions used for the value-in-use calculations are as follows:

Notes to the Group Annual Financial Statements

5. Goodwill (continued)

2014	Basis of determination	Discount rate (a)	Growth rate into perpetuity (b)	Carrying amount R'000
ISP business	value-in-use	15 %	3 %	141 708
M-Net, SuperSport and Oracle businesses	value-in-use	15 %	3 %	3 268 425
Smart Village business	value-in-use	15 %	3 %	-
				3 410 133

2013	Basis of determination	Discount rate (a)	Growth rate into perpetuity (b)	Carrying amount R'000
ISP business	value-in-use	14 %	4 %	141 708
M-Net, SuperSport and Oracle businesses	value-in-use	14 %	4 %	3 268 425
Smart Village business	value-in-use	14 %	4 %	-
				3 410 133

a. Pre-tax discount rate applied to the cash flow projections.
b. Weighted average growth rate used to extrapolate cash flows beyond the budget period.

The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating units. The weighted average growth rates used are consistent with forecasts included in industry reports.

The group has performed a sensitivity analysis by varying the input factors by a reasonably possible margin and assessing whether the change in input factors result in any impairment of goodwill. Based on the analysis performed, the goodwill relating to the Smart Village's cash generating unit of R15.6 million was impaired during the 2013 financial year since the recoverable amount was less than the carrying value of the goodwill assigned to the cash generating unit.

Goodwill represents the assembled workforce and synergies obtained from the acquisitions.

Notes to the Group Annual Financial Statements

6. Other Intangible assets

	2014 R'000			2013 R'000		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Brand names	220 800	(220 800)	-	211 625	(211 625)	-
Subscriber base	227 213	(227 213)	-	227 213	(227 213)	-
Software	499 801	(274 898)	224 903	374 408	(266 387)	108 021
Agreements and relationships*	-	-	-	1 104 331	(1 001 067)	103 264
Other	1 176 605	(1 144 176)	32 429	82 907	(83 210)	(303)
Total	**2 124 419**	**(1 867 087)**	**257 332**	**2 000 484**	**(1 789 502)**	**210 982**

Reconciliation of other intangible assets - 2014 (R'000)

	Opening balance	Additions	Disposals	Reallocations	Amortisation	Total
Brand names	-	-	-	-	-	-
Subscriber base	-	-	-	-	-	-
Software	108 021	84 990	(77)	97 135	(65 166)	224 903
Agreements and relationships*	103 264	-	-	(103 264)	-	-
Other	(303)	56 042	(10 949)	10 875	(23 236)	32 429
Total	**210 982**	**141 032**	**(11 026)**	**4 746**	**(88 402)**	**257 332**

Notes to the Group Annual Financial Statements

6. Other Intangible assets (continued)

Reconciliation of other intangible assets - 2013 (R'000)

	Opening balance	Additions	Disposals	Reallocations	Amortisation	Total
Brand names	14 889	-	-	-	(14 889)	-
Subscriber base	-	-	-	-	-	-
Software	62 864	103 469	(107)	543	(58 748)	108 021
Agreements and relationships*	103 264	-	-	-	-	103 264
Other	26 383	47 626	(11 011)	-	(63 301)	(303)
Total	**207 400**	**151 095**	**(11 118)**	**543**	**(136 938)**	**210 982**

Classification of amortisation in statement of comprehensive income

	2014 R'000	2013 R'000
Cost of providing services and sale of goods	35 679	34 282
Selling, general and administration costs	52 723	102 656
Total	**88 402**	**136 938**

None of the intangible assets have an indefinite life.

* Content agreements and customer relationships

Notes to the Group Annual Financial Statements

7. Interests in subsidiaries

The following information relates to MultiChoice South Africa Holdings (Pty) Ltd's financial interest in its significant subsidiaries in which the group has voting rights through its direct and indirect interests in intermediate holding companies and other entities. All of these entities are unlisted. They are all incorporated in South Africa and all have the South African Rand as their functional currency, unless otherwise indicated.

Name of company	% holding 2014	% holding 2013	Nature of business
Africa Airtime Sales (Pty) Ltd *	100,00 %	100,00 %	Commercial air-time sales
CommerceZone (Pty) Ltd	100,00 %	100,00 %	Online retailer and procurement
Electronic Media Network (Pty) Ltd	100,00 %	100,00 %	Pay TV content provider
Huntley Holdings (Pty) Ltd	100,00 %	100,00 %	Investment holding company
Huntley Internet Services (Pty) Ltd	100,00 %	100,00 %	Internet service provider (Dormant)
I-Tran (Pty) Ltd	100,00 %	100,00 %	Online banking platform (Dormant)
I-Tran Systems (Pty) Ltd	100,00 %	100,00 %	Online banking platform (Dormant)
NMS Properties (Pty) Ltd	100,00 %	100,00 %	Property holding company
M-Ore (Pty) Ltd (Dormant)	100,00 %	100,00 %	Internet service and content provider
MSS Local Productions Nigeria Ltd *	100,00 %	100,00 %	Pay TV services in Africa
MultiChoice (Pty) Ltd (formerly Multichoice Africa (Pty) Ltd)	100,00 %	100,00 %	Subscription television
MultiChoice Investments (Pty) Ltd	100,00 %	100,00 %	Investment holding company
MultiChoice Mobile Operations (Pty) Ltd (Dormant)	100,00 %	100,00 %	Mobile platform management services
MultiChoice Operations (Pty) Ltd (Dormant)	100,00 %	100,00 %	Subscriber management services
MultiChoice Rentals (Pty) Ltd	100,00 %	100,00 %	Decoder rental (Dormant)
MultiChoice South Africa (Pty) Ltd	100,00 %	100,00 %	Investment holding company
MultiChoice Technical Operations (Pty) Ltd (Dormant)	100,00 %	100,00 %	Subscription television technical support
M-Web Connect (Pty) Ltd	100,00 %	100,00 %	Internet service provider
Orbicom (Pty) Ltd	100,00 %	100,00 %	Subscription television infrastructure
Podesta Corporation NV **	100,00 %	100,00 %	Investment holding company
Podesta Finance BV **	100,00 %	100,00 %	Rights procurement
Smart Village (Pty) Ltd ***	100,00 %	84,38 %	Gated community infrastructure
Smart Village Mauritius Ltd	100,00 %	100,00 %	Gated community infrastructure
SSI Interprop Holdings Ltd	100,00 %	100,00 %	International licencing and franchising activities
SuperSport International (Pty) Ltd	100,00 %	100,00 %	Pay TV content provider
SuperSport International Holdings (Pty) Ltd	100,00 %	100,00 %	Pay TV content provider
SuperSport Sports Holdings (Pty) Ltd	100,00 %	100,00 %	Investment holding company
SuperSport United Football Club (Pty) Ltd	100,00 %	100,00 %	Professional sports team
SuperSport Zone (Pty) Ltd	100,00 %	100,00 %	Internet content provider
MultiChoice Support Services (Pty) Ltd	100,00 %	100,00 %	Mobile TV provider
DStv Media Sales (Pty) Ltd	100,00 %	100,00 %	Commercial air-time sales
MultiChoice Enterprise Development Trust	100,00 %	100,00 %	Enterprise Development

Notes to the Group Annual Financial Statements

7. Interests in subsidiaries (continued)

A register containing the number of shares and class of shares for all investments in subsidiaries is available for inspection at the company's registered office.

* Incorporated in Nigeria, with the functional currency being the Nigerian Niara.

** Incorporated in the Netherlands, with the functional currency being the Euro.

*** On 7 February 2014 , the company acquired 15.62% of Smart Villlage (Pty) Limited from non-controliing interest at a purchase price of R8 million. The purchase price was settled through cash of R6 million and a contingent consideration of R2 million.

8. Joint arrangements

Joint ventures

The following information relates to MultiChoice South Africa Holdings (Pty) Ltd's financial interest in its significant joint ventures in which the group has voting rights through its direct and indirect interests in intermediate holding companies and other entities. All of these entities are unlisted. They are all incorporated in South Africa and all have the South African Rand as their functional currency, unless otherwise indicated:

Name of company	% ownership interest 2014	% ownership interest 2013	Carrying value 2014 R'000	Carrying value 2013 R'000
Centurion Park Investments (Pty) Ltd	50,00 %	50,00 %	-	-
Kwazulu Natal Cricket (Pty) Ltd	50,00 %	50,00 %	(737)	-
MultiChoice Eastern Cape (Pty) Ltd	50,00 %	50,00 %	-	-
NMS Communications (Pty) Ltd	50,00 %	50,00 %	-	-
Smart Village at Heritage Hill (Pty) Ltd	50,00 %	50,00 %	-	-
Smart Village at Waterfall (Pty) Ltd	50,00 %	55,00 %	352	-
Smart Village at Xanadu Joint Venture (Pty) Ltd	50,00 %	50,00 %	-	-
Smart Village at Century Online (Pty) Ltd	50,00 %	50,00 %	-	-
Western Cape Cricket (Pty) Ltd	50,00 %	50,00 %	-	-
Western Province Professional Cricket (Pty) Ltd	50,00 %	50,00 %	(1 123)	-
MultiChoice Supplies (Pty) Ltd (Dormant)	50,00 %	50,00 %	-	-
Titans Cricket (Pty) Ltd	50,00 %	50,00 %	16 973	-
			15 465	-

A register containing the number of shares and class of shares for all investments in joint ventures is available for inspection at the company's registered office.

Notes to the Group Annual Financial Statements

8. Joint arrangements (continued)

Summarised financial information of material joint ventures

Summarised Statement of Comprehensive Income

	2014 R'000	2013 R'000
Revenue	115 879	-
Other income and expenses	(115 508)	-
Profit before tax	371	-
Profit (loss) from continuing operations	371	-
Total comprehensive income	371	-

Summarised Statement of Financial Position

	2014 R'000	2013
Assets		
Non-current	43 017	-
Current	37 150	-
Total assets	80 167	-
Liabilities		
Non current liabilities	655	-
Current liabilities	72 921	-
Total liabilities	73 576	-
Total shareholder's equity	6 591	-
Total equity and liabilities	80 167	-
Investment at beginning of period	21 027	-
Acquisitions	(489)	-
Share of profit	4 226	-
Impairment	(9 299)	-
Investment at end of period	15 465	-
	-	-

The summarised information presented above reflects the financial statements of the joint ventures after adjusting for differences in accounting policies between the company and the joint venture.

The group has applied IFRS 11 by accounting for joint ventures in terms of the equity method. The effect of this on prior periods is of a small magnitude and no third balance sheet is presented.

Notes to the Group Annual Financial Statements

9. Investments in associates

Material associates

The following information relates to MultiChoice South Africa Holdings (Pty) Ltd's financial interest in its significant associates in which the group has voting rights through its direct and indirect interests in intermediate holding companies and other entities. All of these entities are unlisted. They are all incorporated in South Africa and all have the South African Rand as their functional currency, unless otherwise indicated:

	2014	2013	2014 R'000	2013 R'000
Vodacom Cheetahs (Pty) Ltd *	8,16%	8,16%	-	-
Freestate Cheetahs (Pty) Ltd	24,50%	24,50%	(2 479)	1 736
Natal Sharks (Pty) Ltd	40,00%	40,00%	33 346	44 710
			30 867	**46 446**

* The effective investment in Vodacom Cheetahs (Pty) Ltd is below 20%. Significant influence is established through board representation

A register containing the number of shares and class of shares for all investments in associates is available for inspection at the group's registered office.

Summarised financial information of material associates

Summarised Statement of Comprehensive Income

	2014 R'000	2013 R'000
Revenue	210 851	203 056
Other income and expenses	(212 096)	(204 666)
Profit (loss) from continuing operations	(1 245)	(1 610)
Net loss	(1 245)	(1 610)

Summarised Statement of Financial Position

Assets		
Non current	105 439	108 278
Current	16 715	33 536
Total assets	122 154	141 814
Liabilities		
Non current	116 061	116 636
Current	40 081	56 335
Total liabilities	156 142	172 971
Total shareholders' equity	(33 988)	(31 157)
Total equity and liabilities	122 154	141 814
Investment at beginning of period	46 446	50 503
Share of profit	(931)	(463)
Impairment	(14 181)	(5 000)
Loans made to associates	-	1 406
Additional associates acquired - gross consideration	(467)	-
Investment at end of period	30 867	46 446

Notes to the Group Annual Financial Statements

10. Financial instruments

	2014 R '000	2013 R '000
10.1 Available for sale investments		
Listed equity securities		
Ordinary shares in Naspers Ltd		
At the beginning of the year	816 517	638 161
Changes in fair value recognised directly in comprehensive income until the sale of investment	732 256	176 572
(Disposal)/Acquistion of investment in Naspers shares	(1 548 773)	1 784
	-	**816 517**

There was no impairment provision required in respect of available-for-sale financial assets during the year (2013: nil). This investment was denominated in South African rands.

Dividends received in the current year on the above investments amounts to R5.5 million (2013: R4.7 million). Refer to note 30 for details.

During the 2014 financial year, the investment in Naspers Ltd shares (1 424 440 shares) was sold for R1 649 million net of transaction costs.

Financial risk factors

The group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity markets, foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the financial performance of the group. The group uses derivative financial instruments such as forward exchange contracts to hedge certain risk exposures. The group does not speculate with, or engage in the trading of financial instruments. The group had no significant price risk for the years ended 31 March 2014 and 31 March 2013.

Risk management is carried out by the management of the group under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks. The various boards of directors within the group provide written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative instruments and the investment of excess liquidity.

As at 31 March 2014, the group designated R561 million (2013: nil) of cash as a hedge instrument. This cash balance has been designated for payment of sports rights and other foreign liabilities.

Foreign exchange risk

The group is exposed to foreign exchange risk arising from various currency exposures. Although a substantial portion of the group's revenue is denominated in the currencies of the countries in which it operates, a significant portion of cash obligations, including payment obligations under satellite transponder leases and contracts for pay-television programming and channels, are denominated in US dollars. Where the group's revenue is denominated in local currency such as Rand, depreciation of the local currency against the US dollar adversely affects the group's earnings and its ability to meet cash obligations. Entities in the group use forward exchange contracts to hedge their exposure to foreign currency risk in connection with their functional currencies. Management is responsible for hedging the net position in the major foreign currencies by using forward currency contracts. The group generally covers forward 80% to 100% of firm commitments in foreign currency for up to two years.

The group has classified its forward exchange contracts relating to forecast transactions and firm commitments as cash flow and fair value hedges,and states them at fair value. The transactions relate mainly to programming costs, transponder lease instalments and the acquisition of inventory items. A cumulative after tax loss of R34 million (2013: profit of R167 million) has been deferred in a hedging reserve at 31 March 2014. This amount is expected to realise over the next financial year. The fair value of all forward exchange contracts designated as cash flow hedges at 31 March 2014 was a net liability of R47 million (2013: R232 million net asset). The fair value of all forward exchange contracts designated as fair value hedges at 31 March 2014 was a net asset of R147 million (2013: R194 million net asset).

The following is an analysis of the fair value of the forward exchange contracts in place at year-end.

Notes to the Group Annual Financial Statements

10. Financial instruments (continued)

Assets		
Non current	-	53 153
Current	153 355	372 186
	153 355	425 339
Liabilities		
Non current	(19 234)	-
Current	(34 211)	-
	(53 445)	-
Movement		
At the beginning of the year	425 339	66 940
Fair value hedges	(46 637)	155 546
Released to hedged item	3 678	(27 907)
Revaluation	(282 470)	230 760
At the end of the year	**99 910**	**425 339**

The amount recognised in profit or loss due to ineffectiveness as cash flow hedges was R6.1 million (2013: R6 million). As at 31 March 2014 and 31 March 2013, the group had no hedges of net investments in foreign operations.

The table below sets out the periods when the cash flows are expected to occur for both fair value and cash flow hedges in place as at year-end:

	2014			2013		
	Foreign currency amount '000	Average rate R	R'000	Foreign currency amount '000	Average rate R	R'000
US Dollar						
Within 1 year	294 199	10,42	3 065 554	305 597	8,18	2 500 973
1 to 2 years	81 271	11,57	940 305	61 000	8,82	538 150
Euro						
Within 1 year	6 666 666	14,95	99 666 657	-	-	-

The group's forward exchange contracts are used primarily to hedge the Rand against the US dollar. During the financial year ended 31 March 2014, the value of the US dollar increased against the Rand by approximately 14% (2013: increased by 20.4%). Below is an analysis of the covered and uncovered foreign currency commitments of the group. The exposure amount primarily reflects US dollar and Euro denominated debt relating to finance lease commitments and programme and film rights. The group's exposure to exchange rate fluctuations in currencies other than the US dollar and Euro is not material.

	Foreign currency amount '000	R'000	Foreign currency amount '000	R'000
Covered commitments				
US dollar	375 470	4 005 859	301 891	2 507 691
Euro	6 666 666	99 666 657	-	-
Uncovered commitments	-	-	-	-
US dollar	1 120 328	11 797 699	1 235 241	11 409 118
Euro	7 601	110 255	21 131	250 261
British pound	6 084	106 812	6 492	91 176
	-	-	-	-

10. Financial instruments (continued)
Foreign exchange rates

The exchange rates used by the group are as follows:

	2014		2013	
	Average rate R	Closing rate R	Average rate R	Closing rate R
US dollar	10,1876	10,5306	8,5537	9,2364
Euro	13,6928	14,5053	11,0271	11,8433
British pound	16,2937	17,5574	13,5135	14,0443

The average rates listed above are only approximate average rates for the year. The group measures separately the transactions of each of its material operations using the particular currency of the primary economic environment in which the operation conducts its business, translated at the prevailing exchange rate on the transaction date.

Foreign currency sensitivity analysis

The group's presentation currency is the South African Rand, but as it procures goods and services internationally, it is exposed to a number of currencies, of which the exposure to the US dollar, Euro and British pound are the most significant.

The sensitivity results below details the group's sensitivity to a 10% decrease in the Rand against the US dollar, Euro and British pound, as well as a 10% decrease of the US dollar against the Euro.These percentage decreases represent management's assessment of the possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the above percentage change in foreign currency rates.

A 10% decrease of the Rand against the US dollar, Euro and British pound would result in the profit after tax decreasing by approximately R565.7 million (2013: R174.6 million). Changes in other equity would increase by approximately R143.5 million (2013: increase by approximately R122.2 million)

10.3 Credit risk

Receivables consist primarily of invoiced amounts from normal trading activities. The group has a relatively homogenous customer base, is primarily residential in nature and is dispersed across many geographical areas. Strict credit control is exercised through monitoring customers' payment history and when necessary, provision is made for both specific and general doubtful accounts. As at 31 March 2014, the directors were unaware of any significant unprovided or uninsured concentration of credit risk. The quality of the pay-television and internet debtors are of mixed quality, as there are individual households and corporate entities.

The group is exposed to certain concentrations of credit risk relating to its cash and current investments. It places its cash and current investments mainly with major banking groups and high-quality institutions that have high credit ratings. The group's treasury policy is designed to limit exposure to any one institution and invests its excess cash in low-risk investment accounts. The counterparties that are used by the group are evaluated on a continuous basis. At 31 March 2014, cash and current investments were held with numerous financial institutions.

The maximum amount of credit risk that the group is exposed to is as follows:

Notes to the Group Annual Financial Statements

10. Financial instruments (continued)

Investments and loans	246 094	977 154
Current receivables	2 094 972	3 041 969
Derivative assets	153 355	425 339
Cash and cash deposits	2 593 512	1 573 671
Guarantees	9 418 626	3 984 567
	14 506 559	**10 002 700**

The movement in the allowance account for impairment for trade receivables was as follows:

At the beginning of the year	95 947	78 150
Provision utilised	(79 478)	(57 431)
Additional provision raised	112 114	77 603
Provision released	-	(2 375)
	128 583	**95 947**

The ageing of trade receivables as well as the amount of provision per age class is presented below:

	2014			2013		
	Gross R'000	Provision R'000	Net R'000	Gross R'000	Provision R'000	Net R'000
Neither past due nor impaired	500 068	-	500 068	400 769	-	400 769
30 days and older	222 575	(41 884)	180 691	235 135	(35 008)	200 127
60 days and older	64 248	(24 719)	39 529	35 508	(17 328)	18 180
90 days and older	43 148	(33 225)	9 923	16 804	(11 850)	4 954
120 days and older	28 755	(28 755)	-	39 154	(31 761)	7 393
	858 794	**(128 583)**	**730 211**	**727 370**	**(95 947)**	**631 423**

The carrying amounts of the group's trade receivables are denominated in South Africa rands. The other classes within trade and other receivables do not contain impaired assets.

The creation and release of provision for impaired receivables has been included in the selling, general and administration costs line in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of receiving the cash.

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivable. The group does not hold any collateral as security.

Notes to the Group Annual Financial Statements

11. Deferred taxation asset

	2014 R '000	2013 R '000
Deferred tax liability		
Deferred tax liability to be settled after more than 12 months	-	(89 362)
Deferred tax liability to be settled within 12 months	(149 273)	(32 057)
Total deferred tax liability	**(149 273)**	**(121 419)**
Deferred tax asset		
Deferred tax asset to be recovered after more than 12 months	364 636	226 680
Deferred tax asset to be recovered within 12 months	177 818	123 458
Total deferred tax asset	**542 454**	**350 138**
Deferred tax liability	(149 273)	(121 419)
Deferred tax asset	542 454	350 138
Total net deferred tax asset	**393 181**	**228 719**
Reconciliation of deferred tax asset / (liability)		
At beginning of year	228 719	69 470
Recognised in profit or loss	87 242	216 168
Recognised in other comprehensive income	77 220	(56 919)
	393 181	**228 719**

The group charged deferred income taxation of R77.2 million (2013: charged R56.9 million) to other comprehensive income as a result of changes in fair value of derivative financial instruments where the forecast transaction or commitment has not resulted in an asset or liability.

The ultimate outcome of additional taxation assessments may vary from the amounts accrued. However, management believes that any additional taxation liability over and above the amount accrued would not have a material adverse impact on the group's profit or loss and financial position.

Deferred tax assets and liabilities are offset when the income tax relates to the same fiscal authority and there is a legal right to offset at settlement.

Notes to the Group Annual Financial Statements

11. Deferred taxation asset (continued)

2014

Deferred taxation assets	**At beginning of year R'000**	**Recognised in income R'000**	**Recognised in comprehensive income R'000**	**At end of year R'000**
Property, plant and equipment	2 724	47 864	-	50 588
Intangible assets	12	691	-	703
Programme and film rights	23 193	(1 716)	-	21 477
Receivables and current assets	872	351	-	1 223
Provisions and other payables	213 190	27 069	772	241 031
Income received in advance	256 467	66 275	-	322 742
Tax losses carried forward	30 506	(287)	1 003	31 222
Capitalised finance leases	922 901	121 356	-	1 044 257
Share based compensation	49 319	10 610	-	59 929
Hedging reserve	4 512	8 380	-	12 892
Other	(275)	-	-	(275)
	1 503 421	**280 593**	**1 775**	**1 785 789**

Deferred taxation liabilities	**At beginning of year R'000**	**Recognised in income R'000**	**Recognised in comprehensive income R'000**	**At end of year R'000**
Property, plant and equipment	(34 466)	(3 163)	-	(37 629)
Intangible assets	(4 268)	(2 873)	-	(7 141)
Receivables and current assets	(177 046)	(109 261)	-	(286 307)
Capitalised finance leases	(847 107)	(54 691)	-	(901 798)
Programme and film rights	(132 167)	(34 731)	-	(166 898)
Hedging reserve	(1 944)	-	77 247	75 303
Derivatives	(77 546)	1 715	-	(75 831)
Other	(158)	9 652	(1 802)	7 692
	(1 274 702)	(193 352)	75 445	(1 392 609)
Net deferred taxation asset	**228 719**	**87 241**	**77 220**	**393 181**

Notes to the Group Annual Financial Statements

11. Deferred taxation asset (continued)

2013

Deferred taxation assets	**At beginning of year R'000**	**Recognised in income R'000**	**Recognised in comprehensive income R'000**	**At end of year R'000**
Property, plant and equipment	5 745	(3 021)	-	2 724
Intangible assets	17	(5)	-	12
Programme and film rights	766	22 427	-	23 193
Receivables and current assets	9 235	(8 363)	-	872
Provisions and other payables	144 257	68 933	-	213 190
Income received in advance	51 851	204 616	-	256 467
Tax losses carried forward	36 022	(5 516)	-	30 506
Capitalised finance leases	28 557	894 344	-	922 901
Share based payment liability	32 905	16 414	-	49 319
Hedging reserve	-	4 512	-	4 512
Other	2 109	(2 384)	-	(275)
	311 464	**1 191 957**	**-**	**1 503 421**
Deferred taxation liabilities				
Property, plant and equipment	(43 480)	9 014	-	(34 466)
Intangible assets	(684)	(3 584)	-	(4 268)
Receivables and current assets	(90 115)	(86 931)	-	(177 046)
Capitalised finance leases	-	(847 107)	-	(847 107)
Programme and film rights	(98 547)	(33 620)	-	(132 167)
Hedging reserve	-	(1 944)	-	(1 944)
Derivatives	(8 111)	(12 516)	(56 919)	(77 546)
Other	(1 057)	899	-	(158)
	(241 994)	**(975 789)**	**(56 919)**	**1 274 702**
Net deferred taxation asset	69 470	216 168	(56 919)	228 719

12. Inventory

Set-top boxes, modems and associated components	474 395	471 595
Consumables	17 520	4 058
	491 915	475 653
Provision for obsolete inventory	(308 370)	(249 098)
	183 545	**226 555**

Inventory carried at net realisable value at 31 March 2014 amounted to R166 million (2013: R223 million).

The cost of inventories recognised as an expense in cost of providing services and sale of goods amounted to R2.2 billion (2013: R2 billion)

Notes to the Group Annual Financial Statements

13. Programme and film rights

	2014 R '000	2013 R '000
Cost		
Programme rights	4 849 797	4 058 234
Film rights	708 978	664 204
	5 558 775	**4 722 438**
Accumulated amortisation		
Programme rights	(3 098 030)	(2 444 820)
Film rights	(481 529)	(409 350)
	(3 579 559)	**(2 854 170)**
Carrying amount		
Programme rights	1 751 767	1 613 414
Film rights	227 449	254 854
	1 979 216	**1 868 268**

All of these programme and film rights are classified as current on the statement of financial position. The amortisation of programme and film rights recorded in "cost of providing services and sale of goods" in the income statement amounted to R7 990 million (2013: R6,736 million)

14. Trade and other receivables

	2014 R '000	2013 R '000
Trade receivables - gross	858 794	727 370
Provision for impairment of trade receivables	(128 583)	(95 947)
	730 211	**631 423**

15. Other receivables

	2014 R '000	2013 R '000
Prepayments	1 625 403	1 201 087
Sundry deposits	8 018	3 602
VAT and related taxes receivable	61 671	132
Other receivables	155 689	133 273
	1 850 781	**1 338 094**

16. Cash and cash equivalents

Cash and cash equivalents consist of:

	2014 R '000	2013 R '000
Cash and deposits	2 593 513	1 573 671
Bank overdraft	-	(244 055)
	2 593 513	**1 329 616**

Cash and cash equivalents consists of South African accounts denominated in Rands and foreign bank accounts. Foreign accounts are translated to South African Rands using the USD to Rand spot rate at year end. Total USD accounts translated at year end amounted to and R1 752 million (2013: R65 267 million).

Notes to the Group Annual Financial Statements

	2014 R '000	2013 R '000
17. Share capital and share premium		
Authorised		
3 000 000 000 ordinary shares of R0.0001 each (2013: 3 000 000 000)	300	300
Issued (fully paid up)		
337 500 000 ordinary shares of R0.0001 each (2013: 337 500 000)	34	34
Share premium	17 216 236	17 216 236
	17 216 270	**17 216 270**

Refer to note 26 for details of share appreciation rights issued.

Capital management

The group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders by pricing products and services commensurately with the level of risk. The group sets the amount of capital in proportion to risk. The group manages capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As of 31 March 2014, the group had total interest bearing debt (including capitalised finance leases) of R4 670 million (2013: R4 570 million) and total cash of R2.6 billion (2013: R1.6 billion). The net interest-bearing debt to equity ratio was 58.6% (2013: 64.4%) at 31 March 2014. The group excludes satellite transponders from total interest-bearing debt when evaluating and managing capital. These items are considered to be operating expenses. The adjusted total interest-bearing debt (excluding transponder leases) was R651 million (2013: R1 105 million) and the adjusted net interest-bearing debt ratio was 8.2% (2013: 15.6%)

The group does not have a formal targeted debt-equity ratio.

General authority has been granted to the directors of the group to allot and issue the un-issued shares of the company subject to the requirements of the Companies Act.

There were no changes in the group's approach to capital management during the year.

18. Other reserves

	2014 R '000	2013 R '000
Hedging reserve		
Balance at 1 April	166 792	20 856
Released to hedged item	3 678	(27 907)
Released to hedged item - tax portion	(1 030)	7 059
Revaluation	(282 470)	230 760
Revaluation - tax portion	78 276	(63 976)
Balance at 31 March	**(34 754)**	**166 792**

The hedging reserve relates to the changes in the fair value of derivative financial instruments that are designated as cash flow hedges of forecasted transactions or firm commitments. The changes in fair value are recognised in the hedging reserve until the forecasted transaction or firm commitment results in the recognition of an asset or liability, at which point such deferred gains or losses are included in the initial measurement of the asset or liability.

The existing control business combination reserve is used in common control transactions (where all combining entities in a business combination are ultimately controlled by the same entity) where the excess of the cost over the acquirer's proportionate share of the net assets is allocated to this reserve.

The share based payment reserve represents the fair value of equity settled share options that are expected to become exercisable in terms of the group's equity settled schemes over the vesting period. This reserve is adjusted when the company revises its estimates of the numbers of share options that are expected to become exercisable. It recognises the impact of revision of original estimates, if any, in profit or loss, with a corresponding adjustment to this reserve in equity for equity settled plans.

The fair value reserve relates to changes in the fair value of investments classified as available-for-sale.

The foreign currency translation reserve relates to exchange differences arising from the translation of foreign subsidiaries' and joint ventures' statements of comprehensive income at average exchange rates for the year and their statement of financial position at the ruling exchange rates at the year-end rate.

19. Retained earnings

Dividends declared by South African companies within the group before 1 April 2012 are subject to secondary tax on companies ("STC"). The STC expense is included in the statement of comprehensive income in the period that the related dividend is paid. Cash dividends declared by South African companies within the group from 1 April 2012 are subject to dividend tax which is a tax on the shareholder.

Notes to the Group Annual Financial Statements

	2014 R '000	2013 R '000
20. Finance lease liabilities		
Future minimum lease payments due		
- within one year	391 232	325 991
- in second to fifth year inclusive	1 564 928	1 303 964
- later than five years	3 292 870	3 069 756
	5 249 030	4 699 711
less: future finance charges	(1 300 078)	(1 234 437)
Present value of minimum lease payments	**3 948 952**	**3 465 274**
Present value of future minimum lease payments due		
- within one year	219 464	174 835
- in second to fifth year inclusive	982 921	783 038
- later than five years	2 746 567	2 507 401
	3 948 952	**3 465 274**
Total liabilities	3 948 952	3 465 274
Current portion	(219 464)	(174 835)
	3 729 488	**3 290 439**

Analysis of finance lease liabilities	**Currency**	**Year of final repayment**	**Fixed interest rate**	**2014 R'000**	**2013 R'000**
Transmission equipment and satellites	USD	2027	4.5%	3 948 952	3 465 274

21. Payable for Programme and film rights

	2014 R '000	2013 R '000
Unsecured		
Non-interest bearing: Programme and film rights		
Total liability	1 523 341	1 356 601
Current portion	(1 523 341)	(1 356 601)
	-	-

This liability is denominated in a combination of South African Rands and US dollars.

22. Long term loan

	2014 R '000	2013 R '000
Nedbank revolving credit facility	650 602	860 708

The secured interest bearing loan bears interest at 7.58% (2013: 6.98%) per annum, is repayable in 1 March 2018 and is secured by cross group guarantees. The liability is denominated in South African Rands.

23. Provisions

	2014 R '000	2013 R '000
Ad valorem duties	23 100	23 100

The provision for Ad valorem duties relates to an investigation by the tax authorities into the value ascribed to digital satellite decoders purchased for onward sale to major retailers. A provision is raised by the group for the payment of these duties. Refer also to note 28 for further details.

Notes to the Group Annual Financial Statements

	2014 R '000	2013 R '000

24. Related party balances

Subsidiaries

	2014 R '000	2013 R '000
Amounts due from related parties: Non-current	199 762	114 191
Amounts due from related parties: Current	1 078 798	895 727
Amounts due to related parties: non-current	(41 324)	-
Amounts due to related parties: Current	(216 045)	(277 115)
	1 021 191	**732 803**

Amounts due from related parties
Non-current

	2014 R '000	2013 R '000
Principle parent company:		
MIH Holdings (Pty) Ltd	35 016	35 336
Fellow subsidiaries		
MultiChoice Africa Ltd	89 904	78 855
MIH Finance VOF - USD	67 230	-
Smart Villiage at Waterfall (Pty) Ltd	7 327	-
Other	285	-
	199 762	**114 191**

Amounts due from related parties
Current

	2014 R '000	2013 R '000
	-	-
Principle parent company:		
MIH Holdings (Pty) Ltd	16 039	7 915
Fellow subsidiaries:	-	-
Irdeto BV	36	12 157
Irdeta Access BV	900	-
Irdeto USA	8 633	-
Irdeto South Africa	497	-
Media24 Ltd	22 625	16 052
MIH China Ltd	-	7 612
NMS Communications (Pty) Ltd	4 586	-
MIH Print Africa (Pty) Ltd	8 614	6 866
MultiChoice Africa Ltd	836 033	614 776
MultiChoice Nigeria Ltd	130 679	-
Myriad International Holdings BV	-	75 866
Naspers Web Services (Pty) Ltd	-	28 887
New Media Publishing (Pty) Ltd	15	5 829
On the Dot Distributors (Pty) Ltd	37 615	111 392
Smart Villiage at Waterfall (Pty) Ltd	5 362	-
Smart Villiage at Xanadu Joint Venture (Pty) Ltd	1 394	-
Health24 (Pty) Ltd	2 049	-
Other	3 721	8 375
	1 078 798	**895 727**

Notes to the Group Annual Financial Statements

	2014 R '000	2013 R '000

24. Related party balances (continued)

These current balances are unsecured, interest free and have no fixed terms of repayment.

MultiChoice Africa Ltd owes the group R136 million (2013: R694 million). This debt owed to the company includes USD 9.0 million (2013: USD 8.5 million) which bears interest at a rate of 3% per annum. The balances are unsecured, interest free and have no fixed terms of repayment

Amounts due to related parties:		
Current		
Principle parent company		
MIH Holdings (Pty) Ltd	3 795	6 976
Fellow subsidiaries	-	-
Irdeto BV	-	61 046
Irdeto USA Inc	1 226	-
Irdeto Africa BV	38 660	-
Media24 Ltd	20 584	40 859
MIH BVI Ltd	-	11
MIH Print Africa (Pty) Ltd	-	4
MIH Finance VOF - USD	28 886	-
MIH Malta Ltd	41 549	32 394
MultiChoice Africa Ltd	48 434	8 258
MultiChoice Nigeria Ltd	-	2 854
Myriad International Holdings BV	8 443	35 353
New Media Publishing (Pty) Ltd	13 005	-
Myraid Services Ltd	2 909	-
Supersport Local Productions (Kenya) Ltd	7 437	52 736
On the Dot Distributors (Pty) Ltd	-	214
Myraid International Holdings Finance VOF	-	24 953
Other	1 117	11 457
	216 045	**277 115**

These balances are unsecured, interest free and have no fixed terms of repayment.

Amounts due to related parties		
Non-Current		
Principle parent company		
MIH Holdings (Pty) Ltd	2 659	-
Fellow subsidiaries		
MIH Finance VOF - USD	3 646	-
Media24 Ltd	34 819	-
Other	200	-
	41 324	-

Notes to the Group Annual Financial Statements

25. Related parties transactions

25.1 Relationship with parent

The group's parent company is MIH Holdings (Pty) Ltd, which holds 80% of MultiChoice South Africa Holdings (Pty) Ltd's issued ordinary share capital. The ultimate controlling party is Naspers Ltd, incorporated in South Africa.

25.2 Related party transactions

The group entered into transactions with a number of related parties, including equity investees, shareholders and entities under common control. The significant transactions with related parties are summarised below. Transactions that are eliminated on consolidation are not included.

	2014 R '000	2013 R '000
Sales of goods and services		
Digital Mobile Television (Pty) Ltd - Cost recoveries	-	62 583
Media24 Ltd	95 576	77 380
MultiChoice Africa Ltd - Sale of programming	3 242 231	2 555 807
MultiChoice Africa Ltd - Subscriber management fees	579 485	221 983
Multichoice Nigeria Ltd	26 673	-
MIH Print Africa (Pty) Ltd	11 575	9 999
PayU Payment Solutions (Pty) Ltd	1 747	2 337
Natal Witness Printing Company (Pty) Ltd	1 542	-
Paarl Media Cape Ltd	2 458	-
Paarl Coldset (Pty) Ltd	1 401	-
PriceCheck (Pty) Ltd	1 124	-
Naspers Ltd	966	-
Online Worldtravel24 (Pty) Ltd	539	-
MCGregor BFA (Pty) Ltd	2 961	-
Spree (Pty) Ltd	507	-
New Media Publishing (Pty) Ltd	1 366	-
Health24 (Pty) Ltd	1 000	-
MIH Holdings (Pty) Ltd	7 553	6 760
New Media Publishing (Pty) Ltd	-	21 367
On the Dot Distributors (Pty) Ltd	-	20 336
OLX Inc	-	20 568
Other	3 335	5 351
	3 982 039	3 004 471
Purchases of goods and services		
Irdeto Africa BV	409 111	281 480
New Media Publishing (Pty) Ltd	214 001	188 858
On the Dot Distributors (Pty) Ltd	-	24 437
MIH Holdings (Pty) Ltd	32 647	24 057
MultiChoice Africa Ltd	987	-
Irdeto USA Inc.	18 171	22 174
Myriad International Holdings BV	54 675	45 934
Supersport Local Productions (Kenya) Ltd	48 808	5 038
Media24 Ltd	46 606	3 470
Media 24 Services	6 978	-
PayU Payment Solutions (Pty) Ltd	519	-
Space Station Partnership	4 480	-
Other	24	4 086
	837 007	599 534
Interest		
Interest paid to MIH Holdings (Pty) Ltd on short-term funding	(32 034)	(51 020)
Interest earned/(paid) from MIH Finance BVI on loan	-	3 203
Interest earned from Myriad International Holdings BV	1 833	-
	(30 201)	(47 817)

Notes to the Group Annual Financial Statements

	2014 R '000	2013 R '000

25. Related parties transactions (continued)

25.3 Key management staff compensation

Key management staff are those persons who have authority and responsibility for planning, directing and controlling the activities of the group. Comparatives have not been restated for changes in the composition of key management.

	2014 R '000	2013 R '000
Short-term employee benefits	74 546	51 900
Other long-term benefits	3 704	2 468
Share-based payment charge	26 069	17 530
	104 319	**71 898**

Non-executive directors		
Directors' fees	2 604	3 417

All of these amounts are paid by companies in the group other than MCSAH.

The total executive directors' and key management emoluments amounted to R104.3 million (2013: R71.9 million), comprising short-term employee benefits of R74.5 million (2013: R51.9 million), post-employment benefits of R3.7 million (2013: R2.5 million), and share-based payment charges of R26.1 million (2013: R17.5 million).

Share options and share allocations

The aggregate number of share options granted to the executive directors and key management during the year and the number of shares allocated to the executive directors and key management at year-end are:

- For shares listed on a recognised stock exchange: 15 952 (2013: 44 730) Naspers Ltd Class N ordinary shares were allocated during the 2014 financial year and an aggregate of 190 383 (2013: 195 025) Naspers Ltd Class N ordinary shares were allocated as at 31 March 2014.
- For share appreciation rights (SARs) in unlisted companies: 391 152 (2013: 425 691) MultiChoice South Africa Holdings(Pty) Limited 2008 SARs were allocated during the 2014 financial year and an aggregate of 1 605 284 (2013: 1 416 798) MultiChoice South Africa Holdings (Pty) Limited 2008 SARs were allocated as at 31 March 2014;
- nil (2013: nil) MultiChoice Africa (Pty) Limited SARs were allocated during the 2014 financial year and an aggregate of nil (2013: nil) MultiChoice Africa (Pty) Limited SARs were allocated as at 31 March 2014;
- nil (2013: nil) Gadu-Gadu SA 2008 SARs were allocated during the 2014 financial year and an aggregate of nil (2013: 12 053) Gadu-Gadu SA 2008 SARs were allocated as at 31 March 2014.

These shares and SARs were offered on the same terms and conditions as those offered to employees of the group.

26. Share based payment liability

26.1 Effect on profit and financial position

	2014 R '000	2013 R '000
Non-current liabilities	130 396	91 015
Current liabilities	94 565	78 679
	224 961	**169 694**

Share based payments expense		
- Equity settled	22 024	16 547
- Cash settled	122 277	75 983
	144 301	**92 530**

Notes to the Group Annual Financial Statements

26. Share based payment liability (continued)

26.2 Salient features applicable to each plan

26.2.1 Share trust incentive plans

	Date of incorporation	1/3 vest after 3,4,5 years	Period to expire from date of offer	IFRS 2 classification
M-Net Share Trust	12 June 1991	yes	10 years	Equity settled
SuperSport Share Trust	12 June 1991	yes	10 years	Equity settled
MIH (Mauritius) Limited Share Trust	25 March 1999	yes	10 years	Equity settled
MIH Holdings Share Trust	27 September 1993	yes	10 years	Equity settled

Maximum awards permissible: At the Naspers annual general meeting held on Friday 27 August 2010 a resolution was adopted by shareholders whereby the maximum number of shares available for fresh allocation after 27 August 2010 to participate under this scheme and any other share incentive scheme of Naspers or any direct or indirect subsidiary of Naspers is 40 588 541 shares which number will increase by virtue of any subdivision of shares or decrease by virtue of any consolidation of shares, as the case may be.

26.2.2 Share Appreciation Rights plans (SARs)

MCA (Pty) Ltd SAR Scheme	20 September 2005	yes	5 years and 14 days	Cash settled
M-Net/SuperSport SAR Scheme	20 September 2005	yes	5 years and 14 days	Cash settled
MCA (Pty) Ltd 2008 SAR Scheme	02 April 2008	yes	10 years	Cash settled
Gadu-Gadu SA 2008 SAR Scheme	11 July 2008	no	5 years and 14 days	Cash settled

Maximum awards permissible: 10% is the maximum percentage of the respective companies issued/notional share capital that the applicable SAR plan may allocate to participants.

26.2.3 Additional information

All share options are granted with an exercise price of not less than 100% of the market value or fair value of the respective company's shares on the date of the grant. All SARs are granted with an exercise price of not less than 100% of the fair value of the SARs on the date of the grant. All unvested share options/SARs are subject to forfeiture up on termination of employment. All cancelled options/SARs are options/SARs cancelled by mutual agreement between the employer and employee.

M-Net and SuperSport

In terms of a section 311 scheme of arrangement on 4 March 2004, Naspers Limited offered one Naspers N ordinary share to all the minority shareholders of M-Net and SuperSport, including the M-Net and SuperSport plans, for every 4,5 M-Net and SuperSport linked unit. The linked units were exchanged for 574 726 (M-Net) and 525 228 (SuperSport) Naspers N ordinary shares during April 2004.

Notes to the Group Annual Financial Statements

26. Share based payment liability (continued)

26.3 MCA (Pty) Ltd SAR plan

	2014		2013	
	SARs	Weighted average exercise price R	SARs	Weighted average exercise price R
Outstanding at the beginning of the year	-	-	858 222	58,21
Exercised	-	-	(810 889)	58,21
Forfeited	-	-	(33 759)	58,21
Expired	-	-	(13 574)	58,21
Outstanding at the end of the year	-	-	-	-
Available to be implemented at the end of the year	-	-	-	-
Taken up during the year (weighted average exercise price)	-	-	**810 889**	**73,65**

No SARs were cancelled during the year ended 31 March 2013.

Notes to the Group Annual Financial Statements

26. Share based payment liability (continued)

26.4 MCA 2008 SAR plan

Movements in number of instruments allocated to employees

	2014		2013	
	SARs	Weighted average exercise price	SARs	Weighted average exercise price
Outstanding at the beginning of the year	11 455 401	93,81	8 933 331	88,76
Granted	4 371 836	117,35	3 690 525	103,23
Exercised	(1 906 860)	80,67	(540 883)	77,21
Forfeited	(725 832)	99,54	(627 572)	91,66
Expired	(2 477)	69,31	-	
Outstanding at the end of the year	13 192 068	103,20	11 455 401	93,81
Available to be implemented at the end of the year	756 323	87,25	751 121	75,56
Taken up during the year (weighted average exercise price)	**1 906 860**	**117,35**	**540 883**	**103,23**

No SAR options were cancelled during the years ended 31 March 2014 and 31 March 2013

	2014		2013	
Range of exercise prices (R)	SARs	Weighted average exercise price	SARs	Weighted average exercise price
69,31	26 489	4,73	844 409	0,62
82,18	771 593	5,43	1 210 275	1,45
91,74	2 117 101	6,41	2 802 286	2,44
95,95	2 649 310	7,49	2 966 019	3,53
103.23	3 353 145	8,46	3 632 412	4,49
117,35	4 274 430	9,45	-	
	13 192 068		**11 455 401**	

Instruments granted during the year

The weighted average fair v alue at measurement date has been calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:

	2014	**2013**
Weighted average fair value at measurement date (R)	49,97	41,55
Weighted average share price (R)	122,25	115,37
Weighted average exercise price (R)	117,35	103,23
Weighted average expected volatility (%)*	23,80%	25,10%
Weighted average option life (years)	10,00	5,00
Weighted average dividend yield (%)		0
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	8,50%	6,00%
Weighted average annual sub-optimal rate (%)	145,00%	141,00%
Weighted average forfeiture rate (%)	5,35%	5,35%
Weighted average vesting period (years)	4,00	4,00

Various early exercise expectations were calculated based on historical exercise behaviours.

* The weighted average expected volatility is determined using both historical and future annual (bi-annual) company valuations.

The M-Net and SuperSport group, which were acquired by the group as subsidiaries during the 2008 financial year, had a number of equity compensation schemes in place, the details of which are detailed below:

Notes to the Group Annual Financial Statements

26. Share based payment liability (continued)

26.5 M-Net plan

Movements in number of instruments allocated to employees

	2014		2013	
	Options	Weighted average exercise price R	Options	Weighted average exercise price R
Outstanding at the beginning of the year	-	-	24 189	8,68
Exercised	-	-	(24 189)	8,68
Outstanding at the end of the year	-	-	-	
Taken up during the year (weighted average exercise price)	-	-	**24 189**	**581,63**

No SARs were cancelled during the years ended 31 March 2014 and 31 March 2013.

Instruments granted during the year

No grants were made during the financial years ended 31 March 2014 and 31 March 2013.

26.6 SuperSport plan

	2014		2013	
	Options	Weighted average exercise price R	Options	Weighted average exercise price R
Outstanding at the beginning of the year	-	-	31 302	34,88
Exercised	-	-	(31 302)	34,88
Outstanding at the end of the year	-	-	-	
Taken up during the year (weighted average exercise price)	-	-	**31 302**	**580,97**

No SARs were cancelled during the year ended 31 March 2014.

Notes to the Group Annual Financial Statements

26. Share based payment liability (continued)

26.7 Gadu-Gadu SAR plan

Movements in number of instruments allocated to employees

	2014		2013	
	SAR's	Weighted average exercise price PLN	SAR's	Weighted average exercise price PLN
Outstanding at the beginning of the year	12 053	13,55	12 053	13,55
Transfers (out)/in	(12 053)		-	
Outstanding at the end of the year	-	13,55	12 053	13,55
Available to be implemented at the end of the year	**-**		**9 640**	**13,55**

No SARs were granted or forfeited during the year ended 31 March 2014 and 31 March 2013.

Instruments outstanding at the end of the year by exercise price

	2014		2013	
Range of exercise prices (PLN)	SAR's	Weighted average remaining contractual life (years)	SAR's	Weighted average remaining contractual life (years)
13,55	-	-	12 053	0,52

26. Share based payment liability (continued)

26.8 MIH Holdings Ltd share trust incentive plan

Movements in number of instruments allocated to employees

	2014		2013	
	SAR's	Weighted average exercise price R	SAR's	Weighted average exercise price R
Outstanding at the beginning of the year	153 515	355,70	187 677	225,69
Transfers out	(47 261)	368,55	(13 738)	226,47
Granted	13 982	853,93	48 216	502,28
Exercised	(7 813)	290,53	(66 062)	119,30
Forfeited	(9 068)	433,63	(2 578)	379,35
Outstanding at the end of the year	103 355	415,31	153 515	355,70
Available to be implemented at the end of the year	16 376	150,99	21 447	131,09
Taken up during the year (weighted average exercise price)	**7 813**	**927,48**	**66 062**	**532,98**

Instruments outstanding at the end of the year by exercise price

	2014		2013	
	SAR's	Weighted average remaining contractual life (years)	SAR's	Weighted average remaining contractual life (years)
41,50	-		4 216	0,90
138,87	14 287	3,95	14 287	4,95
174,00	1 085	3,66	1 085	4,66
176,90	58	4,48	2 642	5,48
251,00	2 156	5,42	10 856	6,42
304,05	1 207	5,95	2 412	6,95
306,00	11 760	6,44	21 331	7,44
350,00	25 990	7,47	35 129	8,47
379,42	-	6,67	6 797	7,67
423,00	11 578	7,98	7 453	8,98
484,70	21 252	8,44	38 880	9,44
585,28	-		8 427	9,91
770,00	4 101	9,28	-	
888,80	9 878	9,43	-	
	103 352		**153 515**	

Instruments granted during the year

	2014 R '000	2013 R '000

26. Share based payment liability (continued)

Weighted average fair value at measurement date (R)	186,68	186,68

Various early exercise expectations were calculated based on historical exercise behaviours.

This weighted average fair value has been calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:

Weighted average share price (R)	853,93	502,28
Weighted average exercise price (R)	853,93	502,28
Weighted average expected volatility (%) *	28,0%	24,1%
Weighted average option life (years)	10,0	10,0
Weighted average dividend yield (%)	0,7%	0,9%
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	8,5%	6,9%
Weighted average annual sub-optimal rate (%)	175,0%	89,5%
Weighted average vesting period (years)	4,0	4,0

26.9 MIH (Mauritius) share trust incentive plan

Movements in number of instruments allocated to employees

	2014		2013	
	SAR's	Weighted average exercise price R	SAR's	Weighted average exercise price R
Outstanding at the beginning of the year	44 956	156,04	76 725	123,88
Transfers out	(5 175)	162,16	(13 876)	11,87
Exercised	(7 179)	162,50	(17 893)	148,35
Outstanding at the end of the year	-		-	156,04
Outstanding at the end of the year	32 602	153,65	44 956	156,04
Available to be implemented at the end of the year	37 777	153,65	37 777	154,82
Taken up during the year (weighted average exercise price)	**7 179**	**750,63**	**17 893**	**548,29**

Instruments outstanding at the end of the year by exercise price

	Group		Company	
Range of exercise prices (N)	SAR's	Weighted average remaining contractual life (years)	SAR's	Weighted average remaining contractual life (years)
138,87	21 429	3,95	23 810	4,95
162,50	-		7 179	5,27
182,00	11 173	3,24	13 967	4,24
	32 602		**44 956**	

Notes to the Group Annual Financial Statements

27. Other payables

Deferred income	1 095 598	924 484
Taxes and social securities	162 397	164 219
Accrued leave pay	120 576	103 609
Accrued bonus	172 075	136 726
Accrued expenses	1 308 809	1 262 704
Other current liabilities	423 286	246 188
	3 282 741	**2 837 931**

28. Commitments and contingencies

The group is subject to contingencies, which in the normal course of business include legal proceedings and claims that cover a wide range of matters. These contingencies include contract and employment claims, product liability and warranty. None of these claims are expected to result in a material gain or loss for the group. The group plans to fund the above commitments and liabilities out of existing loan facilities and internally generated funds.

Capital expenditure
The group has commitments in respect of contracts placed for capital expenditure at 31 March 2014 amounting to R672 million (2013: R965.5 million).

Programme and film rights
The group has entered into contracts for the purchase of programme and film rights. The commitments in respect of the contracts amounted to R17 701 million (2013: R13 559 million).

Set-top boxes
The group has entered into contracts for the purchase of set-top boxes. The commitments in respect of the contracts amounted to R609.4 million (2013: R559.6 million).

Operating lease commitments

Refer to note 35 for details regarding operating lease commitments.

Guarantees
The group has guarantees from financial institutions of R9 419 million (2013: R3 985 million) mainly in respect of payments for sports rights and for service contracts.

Assets pledged as security
The group pledged property, plant and equipment, investments and cash and cash equivalents with a net carrying value of R3 002 million (2013: R3 026 million) for certain term loans Refer note 4 for further details.

Cash and cash equivalents
As at 31 March 2014, the group designated R561 million (2013: nil) of cash as hedge instruments. This cash has balance has been designated for payment of sports rights and other foreign liabilities.

Litigation and claims

Ad Valorem
MultiChoice instituted legal action against the South African Revenue Services ("SARS") in relation to the ad valorem tariff determination on decoders, which SARS made in 2004. The proceedings were defended by SARS but in late 2006, the dispute was referred to the Customs Appeal Committee. The matter was heard in the High Court in August 2009. Judgment has been made in favour of MultiChoice, but SARS was successful to apply for leave to appeal. A provision of R23,1 million has been raised in prior years, and is included in provisions.

PaySmart Africa vs Endemol and Electronic Media Network
PaySmart Africa (PaySmart) is claiming damages of R10.4 million from M-Net and Endemol, alleging that it would have been paid this amount if M-Net and Endemol had granted it the rights to provide a SMS voting system for Big Brother Africa and Idols, two television shows, as alledgedly contemplated in heads of agreement executed by the parties in April 2003. In February 2004, M-Net and Endemol objected to PaySmart's particulars of claim and since then, PaySmart has not taken the proceedings any further.

Notes to the Group Annual Financial Statements

29. Revenue

Hardware and software sales	983 383	1 016 583
Subscriber management service fee	361 088	176 141
Subscription revenue	19 094 144	16 711 361
Advertising revenue	2 378 174	2 159 723
Decoder maintenance revenue	269 744	234 696
Reconnection fees	204 250	172 293
Programming revenue	3 242 231	2 555 807
Other	621 573	589 489
Sub-licencing revenue	293 126	257 688
e-Commerce revenue	17 063	12 943
	27 464 776	**23 886 724**

30. Other gains

Dividends received from Naspers Ltd (listed investment)	5 546	4 719

31. Operating profit

Programme and film rights	7 990 368	6 736 896
Programme guide costs	301 803	279 342
Hardware	2 200 074	2 070 904
e-Commerce	602 812	578 549
Licence fees	109 623	181 402
Impairment of property, plant and equipment (included in SGA)	2 889	60 253
Impairment of goodwill	-	15 571
Transmission	169 710	131 589
Maintenance	574 935	496 146
Sales and marketing	996 149	822 319
Consultants	526 680	413 226
Travel costs	79 321	162 714
Depreciation (refer note 4)	776 800	668 087
Amortisation of other intangible assets	88 402	136 938
Net profit on disposal of intangible assets	-	(4 638)
Net loss on disposal of property, plant and equipment	11 090	7 757
Administration costs	272 416	328 467
General cost of providing services	1 260 044	973 584
General overheads	444 445	211 885
Other	374 151	187 535
Staff costs	2 732 520	2 418 356
- Salaries, wages and bonuses	2 363 144	2 139 050
- Retirement benefit costs	109 424	86 970
- Medical aid fund contributions	62 483	57 199
- Post-retirement benefits	95	-
- Share based payment charges	144 301	92 530
- Training costs	53 097	42 607
Total costs of providing services, distribution and administration costs	19 514 232	16 876 884

32. Finance income

Interest received

Loans and bank account	109 492	87 411

33. Finance costs

Non-current borrowings	32 302	-
Discounting of payables	171 894	43 911
Finance lease liability	173 919	83 158
South Africa Revenue Services	27 779	-
Loans and bank overdrafts	80 418	139 013
	486 312	**266 082**

Notes to the Group Annual Financial Statements

34. Foreign exchange differences

Loss on translation loss of finance lease liability	(480 726)	(390 532)
Loss on translation of other assets and liabilities	(32 954)	(136 612)
Profit on revaluation of forward exchange contracts	139 883	158 111
	(373 797)	**(369 033)**

35. Operating lease

Future minimum lease payments		
- within one year	35 563	75 615
- in second to fifth year inclusive	70 242	191 380
- later than five years	77 151	348 780
	182 956	**615 775**

The group leases office and warehouse space under various non-cancellable operating leases. Certain contracts contain renewal options and escalation clauses for various periods of time. During the prior year, the group committed to payments in respect of the Seacom contract. These payments have been included in the lease disclosure above.

36. Taxation

Normal		
- Current year	2 342 452	2 040 730
- Prior year	12 703	(113)
- Witholding tax on dividends	530	-
Foreign taxation	7 304	2 364
	2 362 989	**2 042 981**
Deferred		
- Current year	(87 516)	(220 034)
- Prior year	275	3 866
	(87 241)	**(216 168)**
	2 275 748	**1 826 813**

Tax rate reconciliation

Reconciliation between statutory tax rate and average effective tax rate.

Statutory tax rate for the year	28 %	28 %
Non-deductible expenses	0,8%	0.2%
Non-taxable income	(4,7%)	(0,2%)
Unprovided timing differences	0,1%	0,0%
Assessed loss utilised	(0,5%)	0,1%
Prior year adjustments	0,4%	0,1%
Capital Gains Tax	2,4%	0%
Effective tax rate for the year	**26,5%**	**28,2%**

Notes to the Group Annual Financial Statements

37. Cash generated from operations

Operating profit	7 956 090	7 014 559
Adjustments for:		
Depreciation and amortisation	865 202	805 025
Net loss on disposal of property, plant and equipment	11 090	7 757
Net profit on disposal of intangible assets	(2 012)	(4 638)
Ineffective portion of foreign exchange contracts	6 124	(6 124)
Dividends received from Naspers Ltd (listed investment)	(5 546)	(4 719)
SARS interest	15 752	-
Impairment of goodwill	-	15 571
Impairment of property, plant and equipment	2 889	60 253
Share based payment charges	144 301	92 530
Amortisation of hedging reserve	(295 380)	(94 275)
Seacom prepayment	99 452	85 644
Other	8 365	-
Changes in working capital:		
Inventory	42 120	(13 790)
Trade and other receivables	(611 475)	(270 222)
Programme and film rights	61 384	(346 377)
Amounts due from related parties	(183 071)	(312 386)
Trade and other payables	513 553	1 068 909
Share based payment liability	(89 034)	(40 433)
Amounts due to related parties	61 070	78 747
	8 600 874	**8 136 031**

38. Tax

Current tax asset at beginning of the year	80 778	74 802
Charged to profit or loss:		
- South African normal current taxation	(2 370 654)	(2 040 617)
- Foreign taxation	(7 304)	(2 364)
Current tax liability at end of the year	57 102	(80 778)
	(2 240 078)	**(2 048 957)**

39. Net interest received

Finance income	109 492	87 411
Finance costs	(486 313)	(266 082)
Adjusted for:		
Finance costs accrual	(33 834)	(3 203)
Discounting on programme and film rights (refer note 33)	171 894	43 911
	(238 761)	**(137 963)**

40. Purchase of property, plant and equipment

Acquisition of property, plant and equipment (refer note 4)	2 840 438	5 003 686
Adjusted for:		
Non-cashflow acquisitions	(198 043)	(3 688 253)
	2 642 395	**1 315 433**

41. Cash flow from investing activities

Acquisition of additional interest in subsidiary (refer note 3)

Smart Village (Pty) Ltd	(6 000)	(350)

COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 March 2014

	Note	2014 R'000	2013 R'000
ASSETS			
Non current assets		16 875 000	16 875 000
Investment in subsidiary	2	16 875 000	16 875 000
		16 875 000	16 875 000
EQUITY AND LIABILITIES			
Capital and reserves		16 875 000	16 875 000
Share capital	3	34	34
Share premium	3	16 874 966	16 874 966
		16 875 000	16 875 000

The notes on pages 15 to 38 and 86 are an integral part of these annual financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2014

	2014 R'000	2013 R'000
Dividends received	4 500 000	5 000 000
Taxation	-	-
Net profit and comprehensive income for the year	4 500 000	5 000 000

The notes on pages 15 to 38 and 86 are an integral part of these annual financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2014

	Number of shares	Share capital R'000	Share premium R'000	Retained earnings R'000	Total R'000
Balance at 1 April 2012	337 500 000	34	16 874 966	-	16 875 000
Net profit and comprehensive income for the year	-	-	-	5 000 000	5 000 000
Dividends paid	-	-	-	(5 000 000)	(5 000 000)
Balance at 31 March 2013	337 500 000	34	16 874 966	-	16 875 000
Balance at 1 April 2013	337 500 000	34	16 874 966	-	16 875 000
Net profit and comprehensive income for the year	-	-	-	4 500 000	4 500 000
Dividends paid	-	-	-	(4 500 000)	(4 500 000)
Balance at 31 March 2014	337 500 000	34	16 874 966	-	16 875 000

The notes on pages 15 to 38 and 86 are an integral part of these annual financial statements.

COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 March 2014

	2014 R'000	2013 R'000
Cash flow from operating activities	-	-
Dividends received	4 500 000	5 000 000
Dividends paid	(4 500 000)	(5 000 000)
Change in cash and cash equivalents for the year	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

The notes on pages 15 to 38 and 86 are an integral part of these annual financial statements.

	2014 R'000	2013 R'000

1 Additional accounting policies

Investment in a subsidiary is accounted for at cost less accumulated impairment in the company's financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The company did not acquire or dispose of any material subsidiaries during the current year.

2 Investment in subsidiary

	2014 R'000	2013 R'000
Unlisted investment - At cost less accumulated impairment		
MultiChoice South Africa (Pty) Ltd	16 875 000	16 875 000

The company has a 100% interest in MultiChoice South Africa (Pty) Ltd, which is incorporated in South Africa, is an investment holding company and which has the South African Rand as its functional currency. A register containing the number of shares and class of shares for this investment is available for inspection at the company's registered office.

3 Share capital and premium

	2014 R'000	2013 R'000
Share capital		
Authorised		
3 000 000 000 ordinary shares of R0.0001 each	300	300
Issued (fully paid up)		
337 500 000 ordinary shares of R0.0001 each	34	34
Share premium		
Share premium	16 874 966	16 874 966

The directors of the company have unrestricted authority until after the following annual general meeting to allot and issue the unissued ordinary shares in the company, subject to the provisions of the Companies Act.

4 Subsequent events

No events have occurred subsequent to 31 March 2014 and up to the date of signing that have required further adjustment or disclosure in these annual financial statements.

5 Dividends per share

A dividend of R13.33 per share has been declared and paid during the current year.