TORQUE SECURITISATION (RF) LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2012/030043/06)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

TORQUE SECURITISATION (RF) LIMITED

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

CONTENTS **PAGE**

TORQUE SECURITISATION (RF) LIMITED

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

CORPORATE GOVERNANCE STATEMENT

Torque Securitisation (RF) Limited (Torque)(the Company) was established by Iemas Financial Services (Co-operative) Limited (Iemas) in 2012 to serve as a special purpose vehicle to buy certain participating assets from Iemas, that complied with the eligibility criteria and portfolio covenants of the Programme Memorandum with Iemas. Torque funded the purchase of the participating assets by issuing notes to investors.

INTEGRATED REPORT

Torque is a special purpose vehicle with no employees. Torque's integrated report is limited. It should be read in conjunction with Iemas's annual integrated report. Although Iemas is not a publicly-listed entity, it produces integrated annual reports covering the group's most material issues so as to inform the investors of Torque about the operations of the entity and group during the year.

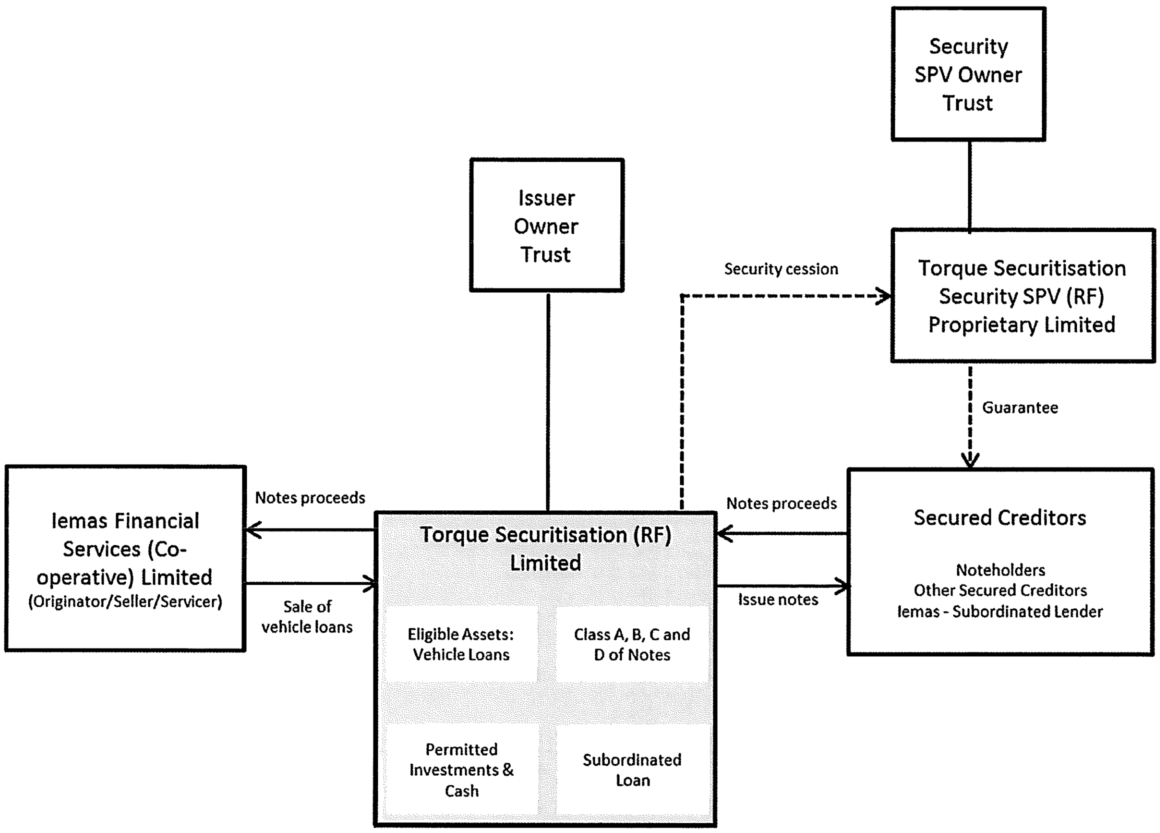
REPORTING PERIOD AND PRINCIPLES

This report covers the financial year ending on 31 August 2014. The annual financial statements have been produced in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (2008). The reporting is aligned with the principles of the King Report on Corporate Governance for South Africa.

COMPANY INFORMATION

Torque is a special purpose vehicle established to enable Iemas to obtain additional funding by selling certain participating assets to Torque Securitisation (RF) Limited. The Company has issued JSE listed notes.

Company structure



TORQUE SECURITISATION (RF) LIMITED

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

Overview

Iemas sells participating assets, complying with the eligibility criteria and the portfolio covenants of the Programme Memorandum, to Torque. Torque funded the purchase of these assets by issuing notes to investors.

Torque has issued unsubordinated, secured, compulsory redeemable, asset-backed notes. These notes were issued to various investors as class A1, class A2, class A3, class A4, class B, class C and class D notes.

The class A4 notes were issued during August 2014 and the proceeds of the issuance were used to redeem the class A1 notes in full on their scheduled maturity date. The overall capital balance of the asset-backed notes remained unchanged after the refinance.

The class B, class C and class D notes are subordinated in favour of the class A notes, the class C and class D notes are subordinated in favour of the class B notes and the class D notes are subordinated in favour of the class C notes.

Torque Securitsation Security SPV (RF) Proprietary Limited (the Security SPV) has been established for the purpose of guaranteeing the performance by Torque of its obligations to the secured creditors set out in the Priority of Payments as included in the Programme Memorandum. The Security SPV has accordingly issued the guarantee to the secured creditors on the basis that they will only proceed with a claim against the Security SPV under the guarantee in the event of Torque failing to meet its obligations to them.

Torque has provided the Security SPV with an indemnity in terms of which it indemnifies the Security SPV against all claims made under the Guarantee. Torque's obligations to the Security SPV under this indemnity are secured by a cession and pledge of all Torque's assets to the Security SPV.

Torque has appointed Iemas as the servicer in respect of the participating assets and Iemas will continue, inter alia, to collect payments and administer and manage the portfolio of participating assets on an ongoing basis as set out in the servicing agreement.

GMG Trust Company (SA) Proprietary Limited acts as trustee of both the Torque Issuer Owner Trust and the Torque Security SPV Owner Trust and is also the company secretary for Torque. The main functions as trustee include:

- Holding the shares of Torque Securitisation (RF) Limited and Torque Securitisation Security SPV (RF) Proprietary Limited.
- Review of documentations and signatory thereof impacting on the Owner Trusts, as and when required.

First Rand Bank Limited (acting through its Rand Merchant Bank division) (RMB) has undertaken to fulfil the role of the administrator of Torque and to render the services and carry out the responsibilities of Torque as set out in the administration agreement. Some of these general administration responsibilities include:

- Prepare and submit all applications, requests and filings that may be necessary in connection with the administration services;
- Determine the amount of taxes reasonably expected to be paid by Torque during the current financial year;
- Submit all correctly completed returns to the taxation authorities;
- Give reasonable assistance to GMG Trust Company (SA) Proprietary Limited in respect of the company secretarial functions carried out by them;
- Keep records and documents for Torque in relation to the participating assets;
- Ensure that Torque is audited annually.

TORQUE SECURITISATION (RF) LIMITED

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

GOVERNANCE

Board composition

The Board of Directors comprise of three independent non-executive directors and a non-executive director. The Board of Directors is considered to be effective in size and composition in light of the purpose for which the Company was established.

Independent non-executive directors

Willem Hermanus Swanepoel (63)
Chairperson of the Board

With over 35 years' experience in the banking sector, Willie Swanepoel holds various higher and advanced diploma's in banking, finance and law from various tertiary institutions. Having successfully headed up Nedbank Namibia as their COO, Willie decided to join the GMG Trust (SA) team as a structured finance specialist.

Brendan Harmse (47)
CA(SA)

Mr Harmse is a director of GMG Trust Company (SA) Proprietary Limited. He has been involved in the South African debt capital markets since 2001. He is also currently the chairman of the South African Securitisation Forum (SASF).

Rishendrie Thanthony (31)
CA(SA) and Chairperson of the Audit Committee

Miss Thanthony joined GMG Trust Company (SA) Proprietary Limited at the end of 2012. She is a Chartered Accountant (SA) who completed her graduate studies at the University of KwaZulu-Natal. She has a strong audit background and gained valuable accounting and internal control related experience in the public and telecommunications sectors, whilst completing her articles at Nkonki Inc.

Non-executive director

Tom O'Connell (43)
BCom(Hons), CTA, CA(SA), Management Development Programme (MDP), International Executive Programme (INSEAD). Member of the South African Institute of Chartered Accountants (SAICA)

Prior to starting his career at Iemas in October 1995, Mr O'Connell completed his articles at PriceWaterhouse. He was appointed as head of Iemas's Finance division in October 1998 and as Executive Director, Finance, in July 2006. Mr O'Connell has 21 years' experience in finance, funding and audit and his responsibilities include the finance, funding and administration functions at Iemas.

Directorate changes

Mr Doidge resigned as an independent non-executive director on 25 March 2014 and Mr Swanepoel was appointed as the third independent non-executive director.

Role and function of the Board

The Board of Directors remains responsible for the Company in its entirety. The Board of Directors is the highest decision-making body and is ultimately responsible for governance.

Board committees

Torque had one committee of the Board of Directors in place during the year under review, being the Audit Committee.

The Audit Committee comprises of the three independent members of the Board of Directors. Miss Thanthony chairs the Audit Committee. Other directors and assurance providers attend meetings by invitation.

The Audit Committee's primary objective is to assist the Board of Directors in discharging its responsibilities relating to the management of risk, safeguarding of assets, financial control and reporting, internal controls, investor reporting and corporate governance, particularly in respect of legislative requirements, compliance and accounting standards and regulatory compliance generally.

Governance Practices

Board meetings and attendance

The Board of Directors meets on a quarterly basis or more frequently if circumstances require. The attendance of meetings by the directors of the company during the year up to the date of this report is reflected below:

Director	Nov-13	Mar-14	Jun-14	Sep-14
Brendan Harmse	Yes	Yes	Yes	Yes
John Doidge *(1)*	Yes	N/A	N/A	N/A
Willie Swanepoel (Chairman of the Board) *(2)*	N/A	Yes	Yes	Yes
Rishendrie Thanthony	Yes	Yes	Yes	Yes
Tom O'Connell	Yes	Yes	Yes	Yes

(1) Mr John Doidge resigned as a director on 25 March 2014.
(2) Mr Willie Swanepoel was appointed to the Board of Directors on 25 March 2014.

Director appointments

All appointments follow a formal and transparent procedure and are subject to confirmation by the shareholders at the Annual General Meeting. GMG Trust Company (SA) Proprietary Limited provides independent directors and trust services to the company and applies professional care, following due processes in doing so.

Authority

The level of power and authority on the Board of Directors is such that no one director has unfettered powers to make decisions.

Induction of new directors

New Board members with no or limited board experience receive training to inform them of their duties, including fiduciary responsibilities, powers and potential liabilities.

Board skills and development

Directors are expected to keep themselves abreast of changes and trends in the business and in the Company's environment and markets, as well as changes and trends in the economic, political, social and legal climate generally. The directors have access to training and advice from the Company secretary and are entitled to seek independent professional advice concerning the affairs of the Company at the Company's expense. The Board of Directors is briefed on external changes relevant to the business as and when required.

Confidentiality

Directors of the Company are required to comply with the prescriptions of the JSE Limited regarding inside information, transactions and disclosure of transactions.

Company Secretary

The Company Secretary has a key role to play in ensuring that Board of Directors' procedures are followed and reviewed regularly, while also having the responsibility in law to ensure that each Board member is made aware of and provided with guidance as to their duties, responsibilities and powers. The Company Secretary is responsible for ensuring that the applicable rules and regulations for the conduct of the affairs of the Board of Directors are complied with. The Company Secretary must maintain statutory books in accordance with legal requirements and must provide the Board of Directors as a whole and the Board members individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company. The Company Secretary applied for exemption to appoint a Social and Ethics committee as required by the Companies act.

Conflicts of interest

The Company Secretary maintains the declarations of interest and related-party disclosures of the Board of Directors. The Board of Directors are required to declare and update their interest at each Board of Directors meeting. Directors who have a conflict of interest on any matter to be discussed at meetings are required to inform the Chairperson and the Secretary of the Board of Directors before the meeting. Both the Chairperson and the Secretary of the Board of Directors are of the opinion that no conflict of interest or interests in contracts exist that requires special attention from the Board.

Finance, internal audit and company secretarial functions

The Company has concluded a servicer agreement with Iemas and an administration agreement with First Rand Bank Limited (acting through its Rand Merchant Bank division) whereby it ensures the fulfilment of certain duties, including internal audit and finance functions, where applicable. Company secretarial functions are carried out by GMG Trust Company (SA) Proprietary Limited.

Relations and communication with stakeholders

The Board of Directors is committed to keeping the investor community informed of developments in the Company's business. During the financial year road shows were held to the investors to provide them with a financial overview for both Torque and Iemas as well as to provide them with a performance update on their investments in Torque.

Risk management

The Board of Directors is responsible for the total process of risk management, as well as for forming its own opinion on the effectiveness of the process. The day-to-day administration and management of the entity is provided in terms of a servicer agreement with Iemas and an administration agreement with First Rand Bank Limited (acting through its Rand Merchant Bank division). The management of these entities is accountable to the Board of Directors for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the Company.

Internal control environment

The Company continues to review its internal controls to ensure it maintains a strong and effective internal control environment. The Audit Committee considers significant control matters raised by the servicer, administrator, the Iemas internal audit team and the Company's external auditors who reports its findings to the Board of Directors. Where weaknesses are identified the Audit Committee ensures that responsible parties take appropriate action. The chairman of the Audit Committee has reviewed the finance function and is of the opinion that the function itself is adequate and that the internal financial controls are working optimally. There are no material deficiencies to be reported on in the past financial year.

External audit

The Audit Committee is responsible for assessing the independence of and nominating the Company's external auditor, PricewaterhouseCoopers Inc. The external auditors are responsible for providing an independent, reasonable, but not absolute, assurance on the fair presentation of the financial disclosures.

Going concern

The Board of Directors believes that the Company has adequate resources and facilities available to continue to operate in the foreseeable future. The Board of Directors, therefore, continues to apply the going concern basis in preparing the annual financial statements. The Board of Directors is satisfied that there is no reason to believe that the Company will not continue as a going concern in the coming financial year.

TORQUE SECURITISATION (RF) LIMITED

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation of the annual financial statements of Torque Securitisation (RF) Limited. In discharging this responsibility, the Board of Directors rely on the servicer in conjunction with the administrator to prepare the annual financial statements presented on page 12 to 41 in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act and for keeping adequate accounting records in accordance with the Company's system of internal control. The annual financial statements include amounts based on judgments and estimates.

In preparing the annual financial statements, suitable accounting policies have been applied and reasonable estimates have been made by the Board of Directors. The financial statements incorporate full and responsible disclosure in line with the Company's philosophy on corporate governance.

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

Based on the information and explanations given by the servicer, administrator and the Iemas internal auditors, nothing has come to the attention of the Board of Directors to indicate that the internal controls are inadequate and that the financial records may not be relied on in preparing the annual financial statements in accordance with IFRS. Nothing has come to the attention of the Board of Directors to indicate any breakdown in the functioning of internal controls, resulting in a material loss to the Company, during the year and up to the date of this report. Based on the effective internal controls implemented by the servicer and administrator, the Board of Directors are satisfied that the annual financial statements fairly present the state of affairs of the Company, at the end of the financial year, and the comprehensive income and cash flows for the year.

The going-concern basis has been adopted in preparing the annual financial statements. The Board of Directors has no reason to believe that the Company will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These annual financial statements support the viability of the Company.

No event, which is material to the financial affairs of the Company, has occurred to the best of the knowledge and belief of the Board of Directors between the reporting date and the date of approval of the annual financial statements that would require either an adjustment or additional disclosure in the annual financial statements.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management reviewed the estimates and assumptions utilised in preparing the financial statements and did not identify any estimates which they consider critical to the financial statements, which would require further

The Company's external auditors, PricewaterhouseCoopers Incorporated, audited the financial statements. Their report on the fair presentation of the annual financial statements is presented on

The corporate governance statement and the annual financial statements for the year ended 31 August 2014, were approved by the Board of Directors on 3 December 2014 and are signed on its behalf by:

TD O'Connell Director	WH Swanepoel Director

TORQUE SECURITISATION (RF) LIMITED

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

CERTIFICATE BY THE COMPANY SECRETARY

GMG Trust Company (SA) Proprietary Limited declare that, to the best of our knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required by the Companies Act, 71 of 2008, and that such returns are true, correct and up to date.

GMG Trust Company (SA) Proprietary Limited
Company Secretary
Private Bag X1005, Claremont, 7735
3rd Floor, 200 on Main, cnr Main & Bowwood roads, Claremont, 7708
Tel: +27 21 657 6010
Fax: +27 86 682 3714
E-mail: Rishendrie@gmgtrust.co.za

TORQUE SECURITISATION (RF) LIMITED

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

AUDIT COMMITTEE REPORT

Composition

The Company has constituted an Audit Committee comprising of independent non-executive directors and is chaired by an independent non-executive director.

Audit Committee meetings and attendance

At the date of this report, the Audit Committee consists of three independent directors. The Audit Committee meets at least two times per year, as per its terms of reference, or more frequently, should circumstances dictate. The attendance of meetings by the Audit Committee members during the year is reflected below:

Name of member	Nov-13	Jun-14
Rishendrie Thanthony (Chairperson)	Yes	Yes
Brendan Harmse	Yes	Yes
John Doidge *(1)*	Yes	N/A
Willie Swanepoel *(2)*	N/A	Yes

(1) Mr John Doidge resigned as Audit Committee member on 25 March 2014.
(2) Mr Willie Swanepoel was appointed as member of the Audit Committee on 25 March 2014.

Role

The Committee's principal duties are to oversee the integrity of the internal control environment, appoint the statutory external auditors, and ensure that the financial statements are appropriate and comply with IFRS.

The main duties and activities of the Audit Committee in the period under review can be summarised as follows:

Financial statements

The Audit Committee has reviewed the financial statements for the period, and has considered matters such as the decisions requiring a major element of judgement, compliance with accounting standards and the going concern assumption.

Internal controls

The Audit Committee has reviewed the effectiveness of the Company's internal controls, which include financial, operational and compliance controls, and procedures for identification, assessment and reporting of risks, and has reported to the Board of Directors on the outcome of this review.

Internal Audit

The internal audit function is performed by the Iemas internal audit team. Internal audit is a key independent assurance provider to the servicer as it has the ability to engage and test in detail the Company's control environment. The servicer has undertaken to advise the Audit Committee of any adverse findings.

During the year Internal Audit performed a review of the adequacy and effectiveness of the Iemas internal control environment, including its internal financial controls and risk management processes. Based on the results of these reviews, the internal audit function confirmed to the Audit Committee that nothing has emerged to indicate material weakness in the risk management and internal control process of the servicer which would adversely impact the Company.

TORQUE SECURITISATION (RF) LIMITED

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

AUDIT COMMITTEE REPORT

External Audit

The Committee nominated PricewaterhouseCoopers Inc. as auditors of the Company. The Audit Committee, in consultation with the Board of Directors, agreed to the engagement letter, terms of engagement, audit plan and fees for the 2014 financial year.

The Audit Committee is satisfied that the external auditors were independent of the Company, as set out in the section 90(2) of the Companies Act, 2008. This conclusion was arrived at after taking into account the following:

- the representations made by the auditors to the Audit Committee;
- the auditors do not, except as external auditors or in rendering permitted non-audited services, receive any remuneration or other benefits from the Company;
- the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by them;
- the auditors' independence was not prejudiced as a result of any previous appointment as auditor.

The Audit Committee has reviewed the annual financial statements together with the corporate governance statement and recommends it to the Board of Directors for approval.

R. Thanthony
3 December 2014

pwc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF TORQUE SECURITISATION (RF) LIMITED

We have audited the financial statements of Torque Securitisation (RF) Limited set out on pages 13 to 41, which comprise the statement of financial position as at 31 August 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these 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 Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 financial statements present fairly, in all material respects, the financial position of Torque Securitisation (RF) Limited as at 31 August 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 August 2014, we have read the Board of 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 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 financial statements. However we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: M Meyer
Registered Auditor
Sunninghill
3 December 2014

TORQUE SECURITISATION (RF) LIMITED

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

BOARD OF DIRECTORS' REPORT

Nature of business

Torque Securitisation (RF) Limited is a securitisation special purpose vehicle created solely to acquire vehicle loans from Iemas Financial Services (Co-operative) Limited (Iemas).

Legal status of Company

The nature and conduct of the Company's business is ring-fenced and defined in the Company's Memorandum of Incorporation.

Share capital

The authorised share capital is 1000 ordinary shares of no par value of which 1 share was issued to Torque Issuer Owner Trust.

100 Non-redeemable, non-cumulative no par value preference shares were authorised and issued at R1 each.

Financial results

The results of the Company are detailed in the annual financial statements for the year ended 31 August 2014 as set out on pages 13 to 41.

Controlling entity

The Company is wholly owned by Torque Issuer Owner Trust, a trust set up solely for the purpose of holding the equity of the Company. The trustee of the trust is GMG Trust Company (SA) Proprietary Limited. Iemas is considered to be the ultimate controlling entity of the Company from an IFRS perspective (refer to note 2 of the annual financial statements).

Management of the business

The Company is administered by First Rand Bank Limited (acting through its Rand Merchant Bank division). Iemas, in its capacity as servicer, is responsible for the collection of payments, administration and management of the portfolio of participating assets.

Dividends

The Company did not declare any dividends during the year.

Directors and secretariat

The names of the Company's Board of Directors are:
B Harmse (appointed 22 February 2012)
R Thanthony (appointed 15 February 2013)
TD O'Connell (appointed 29 August 2013)
WH Swanepoel (appointed 25 March 2014)
J Doidge (resigned 25 March 2014)
GMG Trust Company (SA) (Pty) Ltd (appointed 24 May 2012) (Company secretariat)

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Material events after year-end

No event, which is material to the financial affairs of the Company, has occurred between the reporting date and the date of approval of the financial statements.

Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act of 2008.

TORQUE SECURITISATION (RF) LIMITED

STATEMENT OF FINANCIAL POSITION
at 31 August

	Note	2014 R	2013 R
ASSETS			
Non-current assets			
Non-current portion of loans receivable	2	564,336,034	596,141,026
Deferred income tax	3	1,612,474	2,155,315
		565,948,508	598,296,341
Current assets			
Current portion of loans receivable	2	287,898,851	247,718,783
Cash and restricted cash	4	56,851,076	55,591,627
Trade and other assets	5	35,949,343	26,552,136
		380,699,270	329,862,546
TOTAL ASSETS		946,647,778	928,158,887
EQUITY AND LIABILITIES			
Equity			
Share capital	6	100	100
Retained reserves		38,724,170	19,099,005
		38,724,270	19,099,105
Non-current liabilities			
Non-current portion of notes issued	7	891,000,000	891,000,000
Non-current portion of borrowings	8	11,007,699	11,007,699
		902,007,699	902,007,699
Current liabilities			
Current portion of notes issued	7	3,183,108	2,782,721
Current portion of borrowings	8	73,058	69,213
Derivative financial liabilities	10	508,836	2,447,552
Trade and other liabilities	9	1,420,508	791,999
Income tax payable	11	730,299	960,598
		5,915,809	7,052,083
TOTAL EQUITY AND LIABILITIES		946,647,778	928,158,887

TORQUE SECURITISATION (RF) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 August

	Note	2014 R	2013 R
Interest income	12	97,556,389	90,458,757
Interest expenditure	13	(68,243,321)	(64,631,046)
Net interest income		29,313,068	25,827,711
Other operating income	14	5,665,999	5,117,490
Income from operations		34,979,067	30,945,201
Operating expenditure	14	(7,478,743)	(7,798,225)
Profit before income tax		27,500,324	23,146,976
Income tax	15	(7,875,159)	(6,465,442)
Profit after income tax		19,625,165	16,681,534
Other comprehensive income		-	-
Total comprehensive income for the year		19,625,165	16,681,534
Total comprehensive income attributable to:			
- Owners of the Company		19,625,165	16,681,534

TORQUE SECURITISATION (RF) LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 August

	Share capital R	Retained reserves R	Capital and reserves R
Balance at 1 September 2012	100	2,417,471	2,417,571
Total comprehensive income for the year	-	16,681,534	16,681,534
Balance at 31 August 2013	100	19,099,005	19,099,105
Balance at 1 September 2013	100	19,099,005	19,099,105
Total comprehensive income for the year	-	19,625,165	19,625,165
Balance at 31 August 2014	100	38,724,170	38,724,270

TORQUE SECURITISATION (RF) LIMITED

STATEMENT OF CASH FLOWS
for the year ended 31 August

	Note	2014 R	2013* R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash utilised by operations	16	(15,937,790)	(267,589)
Interest received (excluding interest receivable)	16	92,299,584	92,895,180
Interest paid (excluding accrued interest)	16	(64,987,155)	(61,779,112)
Income tax paid	11	(7,562,617)	(8,600,287)
Net derivative receipts/(payments)		299,361	(243,893)
Net cash flow generated by operating activities		4,111,383	22,004,299
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in non-current portion of notes issued		(250,000,000)	-
Increase in non-current portion of notes issued		250,000,000	-
Decrease in current portion of notes issued		(2,782,721)	(1,726,155)
Decrease in current portion of borrowings		(69,213)	(38,107)
Net cash flow utilised by financing activities		(2,851,934)	(1,764,262)
Net increase in cash and cash equivalents		1,259,449	20,240,037
Cash and cash equivalents at beginning of the period		55,591,627	35,351,590
Cash and cash equivalents at end of the period	4	56,851,076	55,591,627

* Comparatives have been reclassified, refer to note 20.

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the annual financial statements of Torque Securitisation (RF) Limited are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The annual financial statements of Torque Securitisation (RF) Limited for the year ended 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations of International Reporting Standards (IFRIC's) as applicable in South Africa. These financial statements have been prepared under the historical cost convention, as modified by revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The Company is a special purpose vehicle whose main purpose is to purchase vehicle loans from Iemas Financial Services (Co-operative) Limited. Consequently it only has one operating segment. All the required segment disclosure has been provided throughout the financial statements.

The financial statements are prepared on the going concern basis.

Critical accounting estimates and assumptions

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Board of Directors reviewed the estimates and assumptions utilised in preparing the financial statements and did not identify any estimates which they consider critical to the financial statements, which would require further explanations, other than for the provision for impairment on loans receivable. Additional explanation is provided under the heading "Financial assets" within these accounting policies.

Standards, amendments and interpretations which became effective in the 2014 financial year
The following amendments which became effective in the 2014 financial year that are mandatory for the Company's accounting periods beginning on or after 1 September 2013 or later periods, have been early adopted on 1 September 2012.

- IAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 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.

The following standards, amendments and interpretations which became effective in the 2014 financial year have been adopted for the first time for the financial period beginning on or after 1 September 2013 and have a material impact on the Company's operations.

- IFRS 13, 'Fair value measurement' (effective from 1 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.
- IFRS 7 (Amendment), 'Financial Instruments: Disclosures - Asset and Liability offsetting' (effective from 1 January 2013).

1. ACCOUNTING POLICIES (continued)

The following standards, amendments and interpretations which became effective in the 2014 financial year are mandatory for the Company's accounting periods beginning on or after 1 September 2013. Although these standards, amendments and interpretations are mandatory, they are not relevant for the current and prior financial year.

- IFRS 1, 'First time adoption' on government loans (effective from 1 January 2013).
- IFRS 10, 'Consolidated financial statements' (effective from 1 January 2013).
- IFRS 11, 'Joint arrangements' (effective from 1 January 2013).
- IFRS 12, 'Disclosures of interests in other entities' (effective from 1 January 2013).
- IFRS 10 (Amendment), 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities (effective from 1 January 2014).
- IAS 19 (Amendment), ' Employee benefits ' (effective from 1 January 2013).
- IAS 27 (revised 2011), 'Separate financial statements' (effective from 1 January 2013).
- IAS 28 (revised 2011), 'Associates and joint ventures' (effective from 1 January 2013).

There are a number of minor amendments and improvements which are part of the IASB's annual improvements project published in May 2012 (effective from 1 January 2013) (not addressed above). These amendments are listed below and do not have an impact on the Company's accounts:

- IFRS 1 (Amendment), 'First time adoption of IFRS' (effective from 1 January 2013).
- IAS 16 (Amendment), 'Property, plant and equipment' (effective from 1 January 2013).
- IAS 32 (Amendment), 'Financial instruments: Presentation' (effective from 1 January 2013).
- IAS 34 (Amendment), 'Interim Financial reporting' (effective from 1 January 2013).

Standards, interpretations and amendments to published standards that are not yet effective and possibly relevant for the Company's operations

New standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 September 2014 or later periods. The following have been identified as possibly being relevant for the Company's operations but has not been early adopted by the Company:

- IFRS 9, 'Financial Instruments' (2009) (effective from 1 January 2015). This standard is part of the IASB's project to replace IAS 39. The standard 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.
- IFRS 9 (Amendment), 'Financial Instruments' (2010) (effective from 1 January 2015). 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.
- IFRS 9 (Amendment), 'Financial Instruments' (2011) (effective from 1 January 2015). The IASB has published an amendment to IFRS 9, 'Financial instruments', that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the 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.

1. ACCOUNTING POLICIES (continued)

- IFRS 15, 'Revenue from contracts with customers' (effective from 1 January 2017). This standard establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

There are a number of minor amendments and improvements which are part of the IASB's annual improvements process issued in December 2013 (effective from 1 July 2014) (not addressed above). These amendments are listed below:

- IAS 24, 'Related party disclosures' (effective from 1 July 2014). The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

Standards, interpretations and amendments to published standards that are not yet effective and not relevant for the Company's operations:

The following new standards, amendments and interpretations to standards are mandatory for accounting periods beginning on or after 1 September 2014 or later periods, but are not relevant to the Company's operations:

- IFRS 10 (Amendment), 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities (effective from 1 January 2014).
- IFRS 14, 'Regulatory deferral accounts' (effective from 1 January 2016).
- IAS 19 (Amendment), 'Employee benefits' regarding defined benefit plan (effective from 1 July 2014).
- IAS 32 (Amendment), 'Financial Instruments: Presentation' (effective from 1 January 2014).
- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2014).
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' on novation of derivatives (effective from 1 January 2014).
- IFRIC 20, 'Stripping costs in the production of a surface mine' (effective from 1 January 2013).
- IFRIC 21, 'Accounting for levies' (effective from 1 January 2014).

There are a number of minor amendments and improvements which are part of the IASB's annual improvements process issued in December 2013 (effective from 1 July 2014). These amendments are listed below and are unlikely to have an impact on the Company's accounts and have therefore not been analysed in detail.

- IFRS 2 (Amendment), 'Share based payment' (effective from 1 July 2014).
- IFRS 3 (Amendment), 'Business combinations' (effective from 1 July 2014).
- IFRS 8 (Amendment), 'Operating segments' (effective from 1 July 2014).
- IFRS 13 (Amendment), 'Fair value measurement' (effective from 1 July 2014).
- IAS 16 (Amendment), 'Property plant and equipment' (effective from 1 July 2014).
- IAS 38 (Amendment), 'Intangible assets' (effective from 1 July 2014).

Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

1. ACCOUNTING POLICIES (continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the annual financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

Financial instruments

Financial instruments carried on the statement of financial position include all assets and liabilities, including derivative instruments, but exclude tax payable and deferred tax. The Company recognises a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

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.

Financial assets

The Company classifies its financial assets in the 'Loans and receivables' category and they consist of loans receivable, trade and other assets and cash (refer note 2, 4 and 5).

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The classification, recognition and measurement and impairment of financial assets are discussed below.

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 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise of 'loans receivable', 'trade and other assets' and 'cash' in the statement of financial position.

1. ACCOUNTING POLICIES (continued)

- *Loans receivable and trade and other assets*

  Loans receivable and trade and other assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of these receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

  The amount of the provision is recognised as a loss through interest income in the statement of comprehensive income. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is recognised as a profit through interest income in the statement of comprehensive income. This is done in accordance with AG 8 in terms of IAS 39.

  Loans receivable and trade and other assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

- *Cash*

  In the statement of cash flows, cash constitute deposits held at call with original maturities of three months or less. Bank overdrafts are included under current liabilities in the statement of financial position, where applicable.

- *Restricted cash*

  Cash which is subject to restrictions for its utilisation is stated separately at carrying value.

Financial liabilities

Financial liabilities consist of 'borrowings', 'notes issued' and 'trade and other liabilities'.

Borrowings, notes issued and trade and other liabilities are recognised initially at fair value, net of transaction costs incurred, when they become party to the contractual provisions. These financial liabilities are subsequently stated at amortised cost using the effective interest rate method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings as interest.

Financial liabilities are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

The Company derecognises a financial liability (or part of the liability) from its statement of financial position, when and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

1. ACCOUNTING POLICIES (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the contract date and are subsequently re-measured to fair value at each reporting date with changes in fair value recognised as profit or loss in the statement of comprehensive income for the period. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The Company's policy is to use derivative instruments (primarily interest rate swaps) to convert its JIBAR-linked debt to prime-linked debt in order to economically hedge the interest rate risk.

Share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Revenue recognition

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

Interest income is recognised in the statement of comprehensive income on the time proportion basis using the effective interest rate method. Administration fees are recognised on a accrual basis when the services are rendered.

2. LOANS RECEIVABLE

	2014 R	2013 R
Loan to Iemas Financial Services (Co-operative) Limited	859,234,885	850,859,809
Loss on re-measurement of loans receivable (note 12)	(7,000,000)	*(7,000,000)
	852,234,885	843,859,809
Non-current portion of loans receivable	564,336,034	596,141,026
Current portion of loans receivable	287,898,851	247,718,783
	852,234,885	843,859,809

The Company purchased participating assets that complied with the eligibility criteria and portfolio covenants from Iemas. A security special purpose vehicle was established for the purpose of guaranteeing the performance by the issuer of its obligation to secured creditors (which include Note holders, Iemas as the Subordinated Lender, Iemas as the First Loss Loan Provider and other creditors of the Issuer) set out in the Priority of Payments as contained in the Programme Memorandum. Iemas retained substantially all the risks and rewards of ownership of the assets due to the nature of the credit enhancements provided by Iemas. In addition the originator has over-collateralized the borrowings. As a result the subordinated retained interest absorbs all the variability in the cash flows and should be recognized in their entirety, because even though the transfer of cash flows has been met, Iemas still retains substantial risks and rewards of ownership. Based on the above facts the assets are still being recognised on Iemas's statement of financial position. Therefore the capital amount outstanding on all contracts are shown as a loan to Iemas. The underlying vehicles pertaining to the contracts also serve as security for the loan. The interest payable on the loan is equal to the interest payable on each individual contract, net of impairment on such underlying contracts.

*The comparative amount has been restated to correctly disclose the prior year write-off amount of R3,413,036 as a deduction against the gross "Loan to Iemas Financial Services (Co-operative) Limited" and a deduction in the "Loss on re-measurement of loans receivable". The net amount of this loan receivable on the face of the statement of financial position remains unchanged.

3. DEFERRED INCOME TAX

Deferred income tax assets

- To be recovered within 12 months	1,612,474	2,155,315
Deferred income tax assets	1,612,474	2,155,315

The gross movement on the deferred income tax account is as follows:

At 1 September	2,155,315	-
Charge per statement of comprehensive income (note 14)	(542,841)	2,155,315
At 31 August	1,612,474	2,155,315

3. DEFERRED INCOME TAX (continue)

The movements in the deferred income tax assets per category are as follows:

Deferred tax assets	Fair value movement on interest rate swap R'000	Loss on re-measurement of loans receivable R'000	Total R'000
At 31 August 2012	-	-	-
Credit to the statement of comprehensive income	685,315	1,470,000	2,155,315
At 31 August 2013	685,315	1,470,000	2,155,315
Debit to the statement of comprehensive income	(542,841)	-	(542,841)
At 31 August 2014	142,474	1,470,000	1,612,474

4. CASH AND RESTRICTED CASH

	2014 R	2013 R
Cash at bank	13,227,356	28,133,744
Restricted cash	43,623,720	27,457,883
Cash and cash equivalents	56,851,076	55,591,627

In terms of the securitisation programme the Company is required to maintain a reserve fund, which is required to be a minimum amount being the lesser of the principal amount outstanding of the notes, or 1% of the principal amount outstanding of the notes as at the most recent issue date. In addition an arrears fund equal to 50% of the aggregate outstanding delinquent participating assets is required.

The long-term credit ratings for the bank balances held:	Fitch ratings 2014	Fitch ratings 2013
FirstRand Bank Limited	AA (Jul '14)	AA (Jan '13)

5. TRADE AND OTHER ASSETS

	2014 R	2013 R
Cash-in-transit suspense - Iemas Financial Services (Co-operative) Limited	31,516,146	26,023,517
Cash-in-transit suspense - Rand Merchant Bank	3,867,538	-
Admin fees - Iemas Financial Services (Co-operative) Limited	565,659	528,619
	35,949,343	26,552,136

The carrying value of trade and other assets approximates their fair value due to the short-term maturities of these assets. Cash-in-transit suspense represents the portion of advances receivable from Iemas Financial Services (Co-operative) Limited and amounts which have not been swept from the First National Bank suspense account into the Company's bank accounts. Both of these accounts are cleared on a monthly basis.

6. SHARE CAPITAL

	2014	2013
Ordinary shares		
Authorised		
1000 no par value ordinary shares	-	-
Issued		
1 no par value ordinary share	-	-
Preference share capital		
Authorised and issued		
100 no par value, non-redeemable, non-cumulative preference shares issued at R1 each.	100	100

7. NOTES ISSUED

	2014 R	2013 R
Class A1 notes - Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1,000,000 each. The notes bear interest at 3 month JIBAR plus 1.25%. Scheduled maturity date is 15 August 2014. The legal maturity date is 15 April 2022.	-	250,000,000
Class A2 notes - Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1,000,000 each. The notes bear interest at 3 month JIBAR plus 1.40%. Scheduled maturity date is 17 August 2015. The legal maturity date is 15 April 2022.	238,000,000	238,000,000
Class A3 notes - Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1,000,000 each. The notes bear interest at 3 month JIBAR plus 1.59%. Scheduled maturity date is 15 August 2017. The legal maturity date is 15 April 2022.	200,000,000	200,000,000
Class A4 notes - Unsubordinated, secured, compulsory redeemable, asset-backed notes of R 1,000,000 each. The notes bear interest at 3 month JIBAR plus 1.60%. Scheduled maturity date is 15 August 2019. The legal maturity date is 15 August 2025.	250,000,000	-
Class B notes - Subordinated, secured, compulsory redeemable, asset-backed notes of R 1,000,000 each. The notes bear interest at 3 month JIBAR plus 1.61%. Scheduled maturity date is 17 August 2015. The legal maturity date is 15 April 2022.	84,000,000	84,000,000
Class C notes - Subordinated, secured, compulsory redeemable, asset-backed notes of R 1,000,000 each. The notes bear interest at 3 month JIBAR plus 2.55%. Scheduled maturity date is 17 August 2015. The legal maturity date is 15 April 2022.	49,000,000	49,000,000
Class D notes - Subordinated, secured, compulsory redeemable, asset-backed notes of R 1,000,000 each. The notes bear interest at prime rate plus 4.50%. Scheduled maturity date is 15 August 2017. The legal maturity date is 15 April 2022.	70,000,000	70,000,000
	891,000,000	891,000,000
Interest accrued	3,183,108	2,782,721
At 31 August	894,183,108	893,782,721

7. NOTES ISSUED (continue)

The notes are backed by a revolving pool of South African vehicle loan receivables originated by Iemas Financial Services (Co-operative) Limited. The class B, class C and class D notes are subordinated in favour of the class A notes, the class C and class D notes are subordinated in favour of the class B notes and the class D notes are subordinated in favour of the class C notes.

The class A4 notes were issued during August 2014 and the proceeds of the issuance were used to redeem the class A1 notes in full on their scheduled maturity date.

The maturity analysis of the notes are as follows:

	2014 R	2013 R
No later than 1 year	3,183,108	2,782,721
Later than 1 year and less than 5	891,000,000	891,000,000
	894,183,108	893,782,721

The fair value of the notes issued amounts to R 894,6 million (2013: R 894,9 million).

8. BORROWINGS

Non-current		
Iemas Financial Services (Co-operative) Limited	11,007,699	11,007,699
Current		
Iemas Financial Services (Co-operative) Limited	73,058	69,213
Total borrowings	11,080,757	11,076,912

The loan is a credit enhancement in terms of a subordinated loan of R 11 million provided by Iemas Financial Services (Co-operative) Limited to fund the purchase of the participating assets (refer note 2). Interest of prime plus 5% is payable on this loan. The loan is repayable only after all notes in issue have been fully redeemed.

9. TRADE AND OTHER LIABILITIES

Trade creditors	1,363,962	744,002
Vat payable	56,546	*47,997
	1,420,508	791,999

The carrying amount approximates fair value due to the short term settlement periods of these obligations.

* The trade and other liabilities were reclassified to separately disclose the Vat payable.

10. DERIVATIVE FINANCIAL LIABILITIES

	Fair values 2014 R	Fair values 2013 R
Derivatives		
Interest rate swaps	508,836	2,447,552
Total derivatives held for hedging	508,836	2,447,552

The Company economically hedges part of its existing interest rate risk using interest rate swaps to convert its JIBAR-linked debt to prime-linked debt. The net fair value of these swaps at 31 August 2014 was R 0,5 million (2013: R 2,5 million) and relates to financial instruments with a notional value of R 819 million (2013: R 821 million)

Derivative financial liabilities received/(paid)

	2014 R	2013 R
Payable at the beginning of the year	(2,447,552)	(4,068,624)
Gain on interest rate swap	2,238,077	1,377,179
Payable at the end of the year	508,836	2,447,552
	299,361	(243,893)

	2014	2013
	R	R

11. INCOME TAX PAID

	2014 R	2013 R
Payable at the beginning of the year	(960,598)	(940,128)
Normal tax (note 15)	(7,332,318)	(8,620,757)
Payable at the end of the year	730,299	960,598
	(7,562,617)	(8,600,287)

12. INTEREST INCOME

	2014 R	2013 R
Interest income	100,877,410	100,871,793
Loss on re-measurement of loans receivable	(3,321,021)	(10,413,036)
	97,556,389	90,458,757

Loss on re-measurement of loans receivable (note 2):

	2014 R	2013 R
At 1 September	7,000,000	-
Loss on re-measurement of loans receivable raised	3,321,021	10,413,036
Loss on re-measurement of loans receivable utilised (write-offs)	(3,321,021)	(3,413,036)
At 31 August	7,000,000	7,000,000

13. INTEREST EXPENDITURE

	2014 R	2013 R
Interest expenditure	68,243,321	64,631,046
	68,243,321	64,631,046

	2014 R	2013 R
Interest expenditure consist of:		
- Notes issued	66,618,519	63,145,007
- Subordinated loan	1,521,701	1,486,039
- Taxation	103,101	-
	68,243,321	64,631,046

14. OTHER OPERATING INCOME AND EXPENDITURE

Income

	2014 R	2013 R
Admin fees - Iemas Financial Services (Co-operative) Limited	5,665,999	5,117,490
	5,665,999	5,117,490

14. OTHER OPERATING INCOME AND EXPENDITURE (continue)

Expenditure

The following items have been charged against other operating expenditure:

	2014 R	2013 R
Administration fees	282,806	251,134
Arranging fee	735,364	-
Auditor's remuneration	210,060	266,659
Audit fees	210,060	266,659
Back-up servicer fees	323,825	345,740
Bank charges	14,992	15,412
Commitment fee	157,807	162,548
Board of Directors' emoluments	202,445	194,579
Independent non-executive directors	202,445	194,579
Gain on interest rate swap	(2,238,077)	(1,377,179)
Legal fees	104,522	-
Fitch fees	694,400	-
Other professional fees	51,484	123,201
Servicer fees	6,939,115	7,816,131
	7,478,743	7,798,225

15. INCOME TAX

	2014 R	2013 R
Current		
South African current tax	7,289,131	7,481,542
South African current tax - underprovision prior years	43,187	1,139,215
South African normal tax	7,332,318	8,620,757
Deferred	542,841	(2,155,315)
Deferred income tax	542,841	(1,016,100)
Deferred income tax - underprovision prior years	-	(1,139,215)
Income tax expense	7,875,159	6,465,442

Tax rate reconciliation	**%**	**%**
Effective rate of tax	28.6	23.0
Total tax has been affected by:		
Underprovision - current tax	0.6	5.0
Disallowed expenditure	(1.2)	-
Standard rate of South African tax	28.0	28.0

16. CASH GENERATED FROM OPERATIONS

	2014 R	2013 R
Profit before income tax	27,500,324	23,146,976
Adjusted for:		
Interest income	(92,299,584)	(92,895,180)
Interest expenditure	64,987,155	61,779,112
Interest receivable	(8,577,826)	(7,976,613)
Accrued interest	3,256,166	2,851,934
Fair value changes on derivatives (unrealised)	(1,938,716)	(1,621,072)
Admin fee receivable	(565,659)	(528,619)
Loss on re-measurement of loans receivable	3,321,021	10,413,036
Changes in working capital:		
Loans receivable	(3,118,271)	24,612,725
Increase in trade and other assets	(8,831,548)	(21,029,667)
Increase in trade and other liabilities	329,148	979,779
	(15,937,790)	(267,589)

17. COMMITMENTS

The Company has issued an indemnity to the Torque Securitisation Security SPV (RF) Proprietary Limited indemnifying Torque Securitisation Security SPV (RF) Proprietary Limited against all claims by secured creditors in terms of a guarantee by Torque Securitisation Security SPV (RF) Proprietary Limited. The obligations of the Company in terms of this indemnity are secured by a cession and pledge of all the Company's assets to Torque Securitisation Security SPV (RF) Proprietary Limited.

18. RELATED PARTIES

Torque Issuer Owner Trust
One ordinary share of no par value, was issued to Torque Issuer Owner Trust.

Key management compensation
Key management includes the Board of Directors (Independent non-executive).

	2014 R	2013 R
Income and expenses		
Board of Directors fees	202,445	194,579

Iemas Financial Services (Co-operative) Limited
The Company is a special purpose entity established by Iemas Financial Services (Co-operative) Limited (incorporated in South Africa). The transactions with Iemas Financial Services (Co-operative) Limited are listed below:

	2014 R	2013 R
Income and expenses		
Income		
Interest received	93,305,758	*88,078,749
Expenses		
Interest paid on subordinated loan	1,521,701	1,486,039
Interest paid on the class D notes	9,284,110	9,387,421
Interest paid on the class A4 notes	605,589	-
Bank charges paid	-	4,458
Servicer fees paid	6,939,115	7,816,131
Loan purchases during the year		
Loans purchased from related party	506,321	374,188
Loans replaced between related parties	61,958	4,829
Outstanding balances		
Payable to related party		
Class D Notes	70,000,000	70,000,000
Class A4 notes	180,000,000	-
Sub-ordinated loan	11,007,699	11,007,699
Interest payable on the subordinated loan	73,058	69,213
Interest payable on the class D notes	421,918	398,904
Interest payable on the class A4 notes	605,589	-
Servicer fee	607,055	-
Receivables from related party		
Receivable from related party	32,081,805	26,552,136
Loans receivable from related party	852,234,885	843,859,809

*Comparative amount has been restated from R98,491,785 to R88,078,749 to show the amount net of the loss on re-measurement of loans receivable. In addition the administrative fees received of R5,117,490 are no longer disclosed due to this transaction not being with a related party.

19. EVENTS AFTER THE REPORTING PERIOD

No events occurred after the reporting period that would require adjusting the financial results as presented.

20. RESTATEMENT

The financial statements of the 2014 financial year include reclassifications of interest receivable and loss on remeasurement of loans receivable in the statement of cashflows. These restatements were done to reflect the actual cash flow of interest received and actual working capital cashflow.

The effect of the above reclassifications on the 2013 statement of cashflows, is as follows:

	Balance before above changes	Re-classification of interest receivable	Re-classification of loss on re-measurement of loans receivable	Balance after above changes
	R	R	R	R
CASH FLOW FROM OPERATING ACTIVITIES				
Cash generated/(utilised) by operations	2,168,834	7,976,613	(10,413,036)	(267,589)
Interest received (excluding interest receivable)	90,458,757	(7,976,613)	10,413,036	92,895,180
Interest paid (excluding accrued interest)	(61,779,112)	-	-	(61,779,112)
Income tax paid	(8,600,287)	-	-	(8,600,287)
Net derivative receipts/(payments)	(243,893)	-	-	(243,893)
Net cash flow generated by operating activities	22,004,299	-	-	22,004,299

21. FINANCIAL RISK MANAGEMENT

The Company is a special purpose entity established by Iemas Financial Services (Co-operative) Limited ("Iemas"). The Company has been established to fund the purchase of certain participating assets in terms of a securitisation agreement by issuing notes to investors. The entity is consolidated as part of the Iemas Financial Services (Co-operative) Limited Group ("Group"). As a result of this relationship, the Company has adopted and subscribes to the Group's risk management framework and policies and procedures.

Structures are in place to exercise control and oversee the risk management process towards promoting the interest of all its stakeholders. The Board of Directors is ultimately responsible for risk management. The Company's activities exposes it to the following financial risks:

Credit risk

Credit risk refers to the risk of loss or of adverse change in the financial position resulting directly or indirectly from the non-performance of a counterparty in respect of any financial or performance obligation due to deterioration in the financial status of the counterparty and any debtors to which the shareholders are exposed. It could also arise from the decrease in value of an asset subsequent to the downgrading of counterparties. Credit risk arises mainly from loans receivable from Iemas (the 'transferred assets' referred to below).

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments or other cash outflows.

Market risk

Market risk for stakeholders is the risk that the fair value on future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuers, or factors affecting all similar financial instruments traded in the market.

The purpose of the following section is to provide information on the processes in place to manage and mitigate the financial risks inherent in the Company.

CREDIT RISK

Credit risk in the Group is managed in terms of the credit risk management framework, which is prepared by the credit risk management committee. The overall responsibility for the effectiveness of credit risk management processes vests with the Group Board of Directors. The operational responsibility has been delegated to the Group credit risk management committee.

Credit risk governance

The credit risk management committee consists of the Group Chief Executive Officer, Group Chief Financial Officer, Group Executive Director and the Group General Manager for Credit and Legal Services. The credit risk management committee is headed by the Group Chief Executive Officer.

The Groups' Executive Directors has approved a risk management policy and framework. The processes followed to identify, evaluate and manage risk are clearly reflected in this framework. The Group Board of Directors remains responsible for the oversight of risk but has delegated the review function to the Group Audit and Risk Committee that reports to the Group Board of Directors.

21. FINANCIAL RISK MANAGEMENT (continue)

Managing credit risk

Management recognises and accepts that losses may occur through the inability of counterparty to pay amounts in full when due. In order to limit this risk, the Group credit risk management committee has formulated guidelines regarding the assessment of customer's credit worthiness, management of credit risk associated with various customers depending on their portfolio which includes a detailed assessment of the counterparty's financial strength, the prevailing economic environment, industry classification and other qualitative factors. The Group credit risk management policy is reviewed at least annually and also whenever significant changes in the environment occur, that requires intervention to manage the risk. The policy is adapted to meet customers' needs as well as to be in line with market trends, current economic circumstances, requirements of participating employers and the requirements of the National Credit Act.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. The Group performs on-going credit evaluations of the financial conditions of its members and employers, and where appropriate, purchases credit life insurance. Salary deductions are contractually negotiated with the employers before credit is granted to most Iemas members. At 31 August 2014 the Company was of the opinion that there was no significant concentration of credit risk that had not been adequately provided for.

Credit mitigation instruments are used where appropriate. These include collateral and guarantees. There is also a specialist asset recovery unit that is involved with repossessions and constitutes an important part of Iemas risk management programme.

Collateral disclosure

Credit risk in respect of the exposure of the Group is mitigated by collateral such as the credit life policies and the value of the underlying vehicles. Refer to credit quality later on for more detail.

The Group's business model is based on strong relationships with the employers that the Group has contracted to provide salary deduction backed facilities to their employees. The Group's business could be adversely affected, should a large employer cancel its agreement with Iemas.

Transferred assets that are not derecognised

The Company purchased participating assets that complied with the eligibility criteria and portfolio covenants from Iemas. The Company funded the purchase on the first issue date by issuing notes to investors and drawing down on subordinated loans provided by Iemas. A security special purpose vehicle was also established for the purpose of guaranteeing the performance by the Company of its obligation to secured creditors (which include Note holders, Iemas as the Subordinated Lender, Iemas as the First Loss Loan Provider and other creditors of the Issuer) set out in the Priority of Payments as set out in the Programme Memorandum. Iemas retained substantially all the risks and rewards of ownership of the Company due to the nature of the credit enhancements provided. As a result the subordinated retained interest absorbs all the variability in the cash flows and should be recognized in their entirety, because even though the transfer of cash flows has been met, Iemas still retains substantial risks and rewards of ownership. Based on the above facts the assets are still being recognised on Iemas's statement of financial position.

21. FINANCIAL RISK MANAGEMENT (continue)

The Company purchased a revolving pool of South African vehicle loan receivables from Iemas. Class A1, A2, A3, A4, B, C and D secured floating rate notes were issued to fund this purchase.

Financial assets and liabilities	**2014 R**	**2013 R**
Carrying amount of assets	945,035,304	926,003,572
Carrying amount of liabilities	(907,193,209)	(908,099,184)

The fair value of the notes included in above at a carrying value of R 894,2 million (2013: 893,8 million) was R 894,6 million (2013: R 894,9 million). The carrying value of other financial assets and liabilities carried at amortised cost is assessed by management to approximate their fair value.

Credit quality

Cash and cash equivalents	**2014 R**	**2013 R**
The balances held with banks are as follows (refer note 4)		
Rand Merchant Bank	56,851,076	55,591,627

The long term credit ratings for the bank balance held are disclosed in note 4. Management considered the concentration risk on cash and is of the opinion that the risk is adequately managed by holding bank balances at one of the major banks in South Africa.

Loan receivable

The fair value of the loan receivable approximates the carrying value in the statement of financial position, due to the matured seasoning of the participating assets and small fluctuations observed in the interest rate and credit environment. The loan receivable as disclosed in note 2, represents the Company's maximum exposure to credit risk. The following collateral is held for the loan receivable:

	Loan receivable	**Collateral**	**Over collateralised**
Participating assets	852,234,885	1,053,255,784	(201,020,899)
	852,234,885	1,053,255,784	(201,020,899)

The underlying vehicles on the contracts of the participating assets serve as security on the loan. The collateral value of these vehicles were determined with reference to the vehicles' trade value as obtained from external market information accepting that the vehicle is in a sound condition.

The notes issued to fund the purchase of the participating assets were rated AAA for class A1, class A2, class A3 and class A4 notes, A for class B1 notes and BBB for class C1 notes on issue.

MARKET RISK

The key component of market risk is interest rate risk.

Interest rate risk - Interest rate risk refers to the risk that the fair value of the future cash flows from a financial instrument will fluctuate because of changes in market interest rates.

Market risk governance

The Group credit risk management committee is responsible for the Group's market risk management, with the Group Audit and Risk committee of the Group Board of Directors providing oversight for market risks assumed on the Company's statement of financial position on behalf of its stakeholders.

21. FINANCIAL RISK MANAGEMENT (continue)

Interest rate risk

The Company's interest rate risk arises from loans receivable, notes and long term borrowings. This exposes the Company to effects of fluctuations in the prevailing levels of market interest rates, its financial position and cash flows. Interest margins may increase as a result of such changes, but may also reduce in the event that unexpected movements in interest rates occur. These assumptions are based on management's judgement. The loan receivable is prime linked.

Funding for the purchase of the loan receivable was obtained by issuing notes. The class A, class B and class C notes were issued at rates linked to 3 month ZAR-JIBAR. The class D notes are prime linked.

As part of the management of market risk, the Company enters into interest rate swaps to match the interest rate risk associated with JIBAR-linked notes issued to the underlying prime-linked advances being financed by Iemas.

	2014 R	2013 R
The exposure of the Company's loan receivable to an interest rate change of 0.5% at the reporting date will have the following pre-tax impact on 'net interest income' in the statement of comprehensive income over a one year period:		
Loans receivable	4,261,174	4,219,299

The above table is based on loans receivable of the Company with a total value of R852,2 million (2013: R843,9 million).

	2014 R	2013 R
The exposure of the cash and cash equivalents to an interest rate change of 0.5% at the reporting date will have the following pre-tax impact on 'net interest income' in the statement of comprehensive income over a one year period:		
Cash and cash equivalents	284,255	277,958

The above table is based on cash and cash equivalents of the Company with a total value of R56,9 million (2013: R55,6 million).

	2014 R	2013 R
The exposure of the Company's borrowings to an interest rate change of 0.3% at the reporting date will have the following pre-tax impact on 'net interest income' in the statement of comprehensive income over a one year period:		
Borrowings	33,023	33,023

The above table is based on borrowings with a total value of R11,0 million (2013: R11,0 million).

The borrowings interest rates are linked to prime.

	2014 R	2013 R
The exposure of the Company's notes (which are linked to JIBAR) to a 3 month JIBAR rate change of 0.3% and the Company's note (which are linked to prime) to an interest rate change of 0.3% at the reporting date will have the following pre-tax impact on 'net interest income' in the statement of comprehensive income over a one year period:		
Notes	2,673,000	2,673,000

The above table is based on notes with a total value of R891 million (2013: R891 million).

The class A, class B and class C notes are issued at rates linked to 3 month ZAR-JIBAR. The class D notes are prime linked.

21. FINANCIAL RISK MANAGEMENT (continue)

LIQUIDITY RISK

Management is responsible for the establishment and monitoring of lending and funding policies. It ensures that the statement of financial position is flexible enough to adapt to changing economic conditions and that quality assets are taken on.

The table below presents the cash flows payable by the Company under non-derivative financial liabilities in terms of the remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

	1-12 months R	13-36 months R	Over 36 months R
As at 31 August 2013			
Due to investors	63,209,900	69,814,900	913,480,000
Other liabilities (including sub-ordinated loan)	2,223,000	2,862,002	12,438,700
Total financial liabilities	65,432,900	72,676,902	925,918,700
Loans receivable	310,516,070	541,136,878	135,890,225
Cash and cash equivalents	28,133,744	-	-
Restricted cash	27,457,883	-	-
Trade and other assets	26,552,137	-	-
Total financial assets	392,659,834	541,136,878	135,890,225
Net liquidity position	327,226,934	468,459,976	(790,028,475)

The liquidity gap in over 36 months is due to the notes issued that have their legal maturity date during this period. The gap is funded by excess capacity in the other periods which will be reinvested to fund the notes on the legal maturity date.

	1-12 months R	13-36 months R	Over 36 months R
As at 31 August 2014			
Due to investors	73,066,200	88,780,000	929,650,000
Other liabilities (including sub-ordinated loan)	4,228,241	3,137,194	12,576,296
Total financial liabilities	77,294,441	91,917,194	942,226,296
Loans receivable	374,408,855	522,948,592	131,399,045
Cash and cash equivalents	13,227,356	-	-
Restricted cash	43,623,720	-	-
Trade and other assets	35,949,343	-	-
Total financial assets	467,209,274	522,948,592	131,399,045
Net liquidity position	389,914,833	431,031,398	(810,827,251)

The liquidity gap in over 36 months is due to the notes issued that have their legal maturity date during this period. The gap is funded by excess capacity in the other periods which will be reinvested to fund the notes on the legal maturity date.

21. FINANCIAL RISK MANAGEMENT (continue)

FINANCIAL INSTRUMENTS BY CATEGORY

Assets as per statement of financial position	Loans and receivables R'000	Total R'000
As at 31 August 2013		
Loans receivable	843,859,809	843,859,809
Cash and cash equivalents	55,591,627	55,591,627
Trade and other assets	26,552,136	26,552,136
Total	26,552,136	26,552,136
As at 31 August 2014		
Loans receivable	852,234,885	852,234,885
Cash and cash equivalents	56,851,076	56,851,076
Trade and other assets	35,949,343	35,949,343
Total	35,949,343	35,949,343

Liabilities as per statement of financial position	Derivatives at fair value R'000	Other financial liabilities at amortised cost R'000	Total R'000
As at 31 August 2013			
Notes issued	-	893,782,721	893,782,721
Borrowings	-	11,076,912	11,076,912
Trade and other liabilities excluding non-financial liabilities	-	744,002	744,002
Derivative financial instruments	2,447,552	-	2,447,552
Total	2,447,552	905,603,635	908,051,187
As at 31 August 2014			
Notes issued	-	894,183,108	894,183,108
Borrowings	-	11,080,757	11,080,757
Trade and other liabilities excluding non-financial liabilities	-	1,363,962	1,363,962
Derivative financial instruments	508,836	-	508,836
Total	508,836	906,627,827	907,136,663

21. FINANCIAL RISK MANAGEMENT (continue)

FAIR VALUE ESTIMATION

Valuation processes

The Group's finance department performs the valuations of financial assets and liabilities required for financial reporting purposes. Selecting the most appropriate valuation methods and techniques, in terms of IFRS 13, is an outcome and internal discussion and deliberation between members of the Group's finance team who have modelling and valuation experience. The valuations are reported to the Group's Chief Financial Officer. Changes in fair values are analysed at each reporting date.

Hierarchy of fair value of financial instruments

IFRS 13 defines a hierarchy of valuation techniques, with three levels, for fair value measurements of assets and liabilities. This hierarchy is based on the extent to which the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Company's assessment of what inputs would likely be from the perspective of the market. The Company first considers relevant and observable market inputs where these are available. Unobservable inputs are used in the absence of observable inputs. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1,2 and 3 during the year.

The table below summarises the classification of the Company's financial instruments and their fair values, by their IFRS 13 hierarchy.

As at 31 August	Measured at	Carrying amount R'000	Fair value disclosed R'000	Hierarchy of valuation technique R'000
Assets				
Loans receivable (1)	Amortised cost	852,234,885	-	Level 3
Cash and cash equivalents (1)	Amortised cost	56,851,076	56,851,076	Level 1
Trade and other assets (1)	Amortised cost	35,949,343	-	Level 3
		945,035,304	56,851,076	
Liabilities				
Notes issued	Amortised cost	894,183,108	894,583,694	Level 1
Borrowings	Amortised cost	11,080,757	-	Level 3
Trade and other liabilities excluding non-financial liabilities (1)	Amortised cost	1,363,962	-	Level 3
Derivative financial instruments (2)	Fair value	508,836	508,836	Level 2
		907,136,663	895,092,530	

Derivative financial instruments

Derivative financial instruments were valued using the income approach. The derivative comprises a JIBAR/prime interest rate swap that was fair valued on a discounted basis using forward interest rates extracted from an observable yield curve.

(1) The fair value of these assets and liabilities closely approximates their carrying amount due to their short-term or on-demand repayment terms or variable interest rates associated with these instruments.

(2) Interest rate swaps

21. FINANCIAL RISK MANAGEMENT (continue)

CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns and benefits for stakeholders, as well as to maintain an optimal capital structure in order to reduce the cost of capital. Externally exposed capital is managed according to the various agreements in place.

The Company is specifically established for the purpose of conducting a vehicle asset based securitisation scheme and as such, has various restrictions surrounding its capital, payment of dividends and its operations etc. These restrictive conditions are set out in the Company's Memorandum of Incorporation.

Gearing ratios at 31 August 2014 and 2013 were as follows:

	2014 R	2013 R
Total borrowings (note 7 and 8)	905,263,865	904,859,633
Less: Cash and cash equivalents (excl. restricted cash) (note 4)	(13,227,356)	(28,133,744)
Net debt	892,036,509	876,725,889
Capital and reserves	38,724,270	19,099,105
Gearing ratio	95.8%	97.9%