



CURRO

Integrated annual report
for the year ended **31 December 2014**

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Highlights

2014

Number of schools  by **23%** to **32** schools

Learner numbers  by **37%** to **28 737**

10 new schools

Child
friendliness

Positive
discipline



Curro welcomes its learners with open arms.

Highlights

2015

Number of schools **↑** by
31% to **42** schools

Learner numbers **↑** by
25% to **36 021**

7 new developments

Christian
ethos

Creative
thinking



Overview

In preparing this integrated annual report, Curro took cognisance of and applied the principles contained in the JSE Ltd (JSE) Listings Requirements, International Financial Reporting Standards and the Companies Act No 71 of 2008, as amended.

An independent audit of the Group's annual financial statements was performed by Deloitte & Touche. The remainder of this integrated annual report has not been subjected to independent audit or review. Information reported, other than that mentioned above, is derived from the Group's own internal records and from information available in the public domain.

This integrated annual report contains certain forward-looking statements which relates to the financial position and results of the operations of Curro. Although good care was taken to make these forward-looking statements realistic, note should be taken that it has not been audited and there could be factors which might influence these results.

The Board of Directors is responsible for the preparation of this integrated annual report. The Board confirms that it has applied its collective mind to the content of the report and believes that the report reflects a balanced and fair view of the performance and prospects of Curro and addresses all material issues.

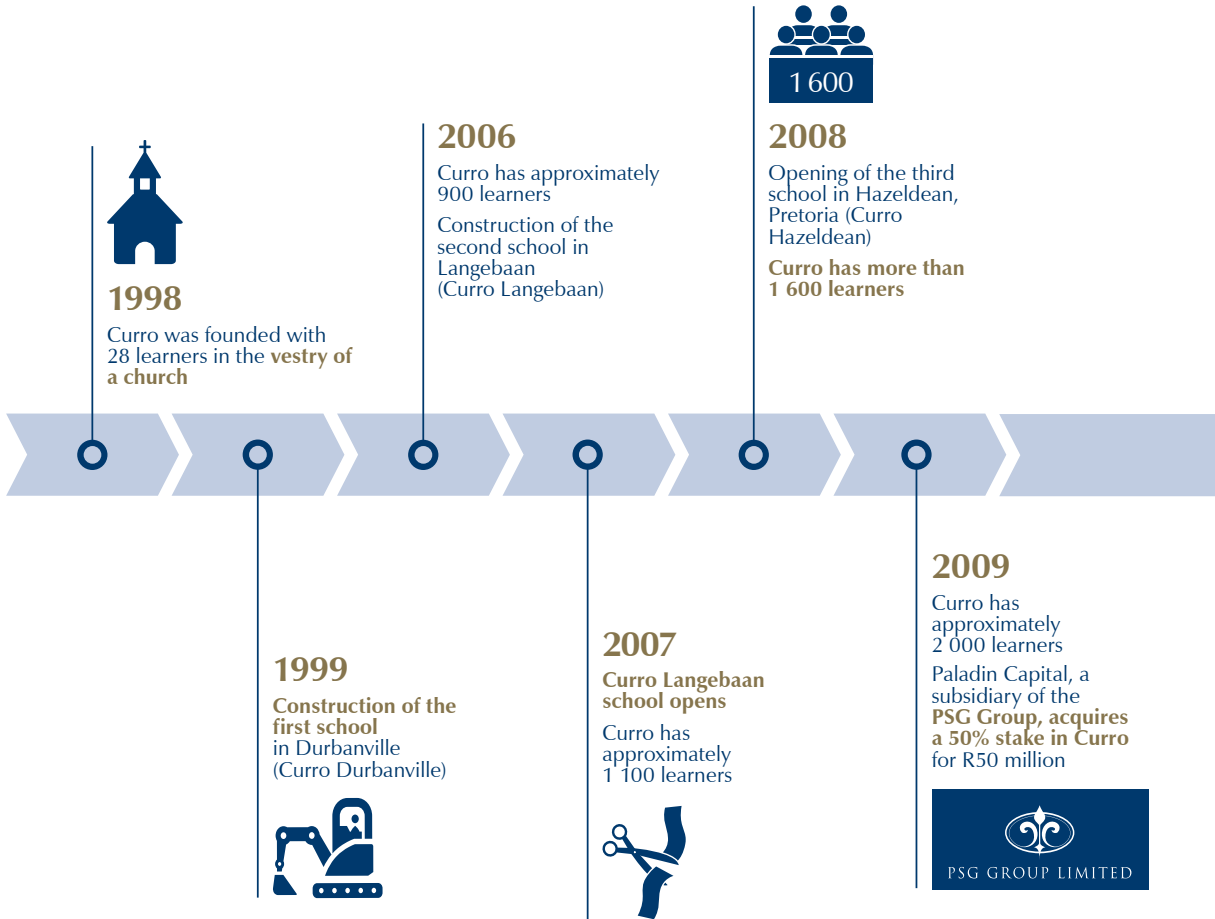
SL Botha
Chairperson of the Board

Dr CR van der Merwe
Chief Executive Officer



Curro offer excellent learning and teaching on attractive campuses with good facilities.

Curro's journey since inception



2010

Curro has five schools with approximately 3 000 learners

Curro adopts a strategic growth plan to have 40 schools by 2020

Paladin Capital acquires another 25% stake in Curro



2012

Curro has 19 schools with approximately 12 000 learners

Raised R476 million through a rights offer

Moved to the Main Board of the JSE

Market capitalisation exceeding R4 billion



2014

Added 10 new schools of which eight were constructed and two acquired

Further developed existing schools to the value of approximately R500 million

Reported an annual revenue of R1 billion for the first time

Rights offer of R600 million took place during June
Curro ended the year with 32 schools and 28 737 learners

2011

Curro has 12 schools with approximately 5 500 learners

In June, Curro lists on the Alternative Exchange (AltX) of the JSE with a market capitalisation of approximately R400 million

Curro raised R318 million through a rights offer

2013

Curro acquires Northern Academy and Embury Institute for Teacher Education (Pty) Ltd

Adoption of "80 @ 20" growth strategy, i.e. 80 schools will be developed by 2020

Curro has 26 schools with 21 027 learners

Raised R606 million through a rights offer

Listed a domestic medium-term note programme on the JSE

Curro developed five new schools

Market capitalisation exceeding R8 billion

2015

Curro started the year with 42 schools and 36 021 learners

Curro plans seven new developments

Curro to invest approximately R250 million in the land banking of new sites for future construction

Further develop existing schools to the value of approximately R600 million


Rights offer of R740 million during April

80@20


More detail on Curro's journey since inception can be found on page 136 of this report.

Group performance overview








Learner Demographics



66%
Black

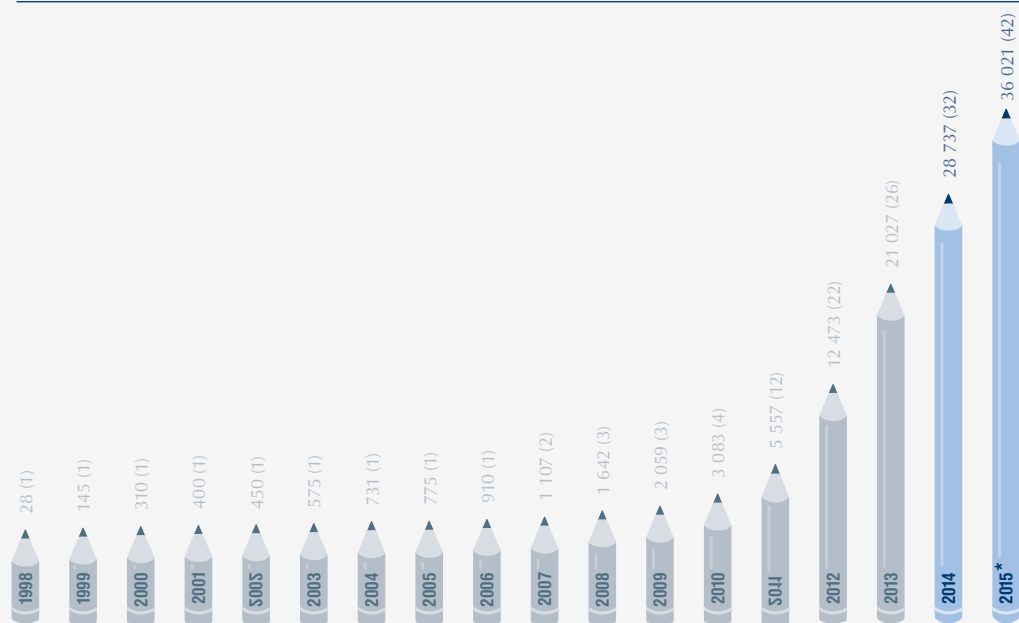


34%
White

IEB	vs	NSC
637		488
Number of learners		
99%		90%
Pass rate		
82%		43%
University exemption		
1.12		0.7
Average number of A's per learner		
65%		56%
Average		
66%		29%
Average > 60%		
50%/65%		52%/45%
Maths <small>(taken and average)</small>		

IEB Independent Examinations Board
NSC National Senior Certificate

Learner Numbers (Number of schools)



* As at 31 January

Other Key Ratios - 2015



Number of schools

42

2014 - 32



Number of learners

36 021

2014 - 28 737



Number of learners per school

858

2014 - 898



Number of employees

3 678

2014 - 3 128



Number of educators

2 214

2014 - 1 905



Learner/educator ratio

16

2014 - 15



Building size (m²)

392 314

2013 - 261 004



Land size (ha)

298

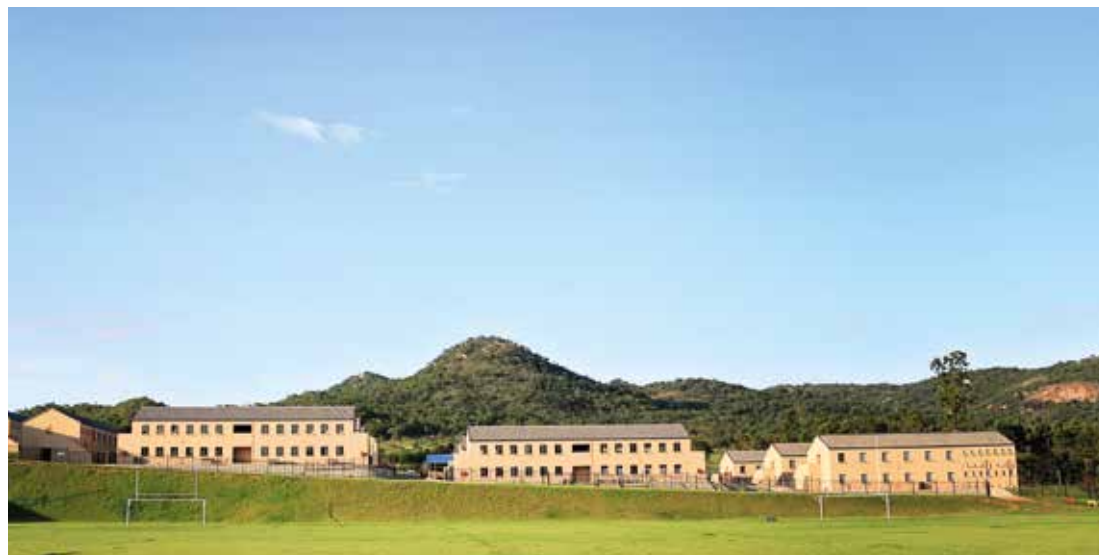
2013 - 188

Group performance overview (continued)

Key performance indicators

For the years ended 31 December

	2011 R million	2012 R million	2013 R million	2014 R million
Profitability				
Revenue	170	366	659	1 001
Employee costs	118	222	386	550
EBITDA	10	53	114	191
Profit attributable to ordinary shareholders	(7)	15	37	55
Earnings per share (cents)	(6.2)	7.1	12.9	17.5
Statement of financial position				
Total assets	597	1 484	2 634	4 073
Interest bearing liabilities	168	346	817	1 399
Equity	370	862	1 563	2 211
Net asset value per share (cents)	229.4	358.2	529.2	679.1
Capital investment				
- Current schools	80	223	602	651
- New schools	175	237	242	482
- Acquisitions	73	322	232	172
Total capital investment	328	782	1 076	1 305
Share statistics				
Market price				
- High (cents)	1 215	2 049	2 955	3 095
- Low (cents)	530	985	1 379	2 405
- Closing (cents)	1 200	1 635	2 780	2 900
- Average (cents)	766	1 414	1 902	2 679
Volume of shares traded (million)	10	13	22	26
Value of shares traded (R million)	80	193	425	709
Volume /weighted average number of shares (%)	14.5	6.2	7.8	8.4
Market capitalisation (R million)	1 934	3 931	8 195	9 442



Meridian Karino (Nelspruit) – opened January 2014

Value added statement for the years ended 31 December

Revenue	659 128
Net cost of providing services	(81 123)
Wealth created by trading operations	578 005
Investment revenue	4 802
Total wealth created	582 807

Value distributed

Distributed to employees

Remuneration and benefits

Distributed to social responsibility

Corporate social investment and bursaries

Distributed to government

Income tax

Rates and taxes

SDL and UIF

Distributed to providers of capital

Finance costs

Value reinvested

Depreciation, amortisation and impairments

Deferred tax

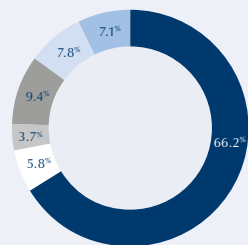
Value retained

Retained income

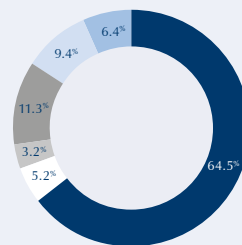
Total wealth distributed and retained

	2013 R'000	2013 contribution	2014 R'000	2014 contribution
Revenue	659 128		1 000 701	
Net cost of providing services	(81 123)		(161 191)	
Wealth created by trading operations	578 005	99%	839 510	98%
Investment revenue	4 802	1%	13 055	2%
Total wealth created	582 807	100%	852 565	100%
Value distributed				
Distributed to employees				
Remuneration and benefits	385 562	66%	550 076	65%
Distributed to social responsibility				
Corporate social investment and bursaries	33 649	6%	44 008	5%
Distributed to government				
Income tax	7 117	1%	6 261	1%
Rates and taxes	8 154	1%	11 686	1%
SDL and UIF	6 409	1%	9 036	1%
Distributed to providers of capital				
Finance costs	55 029	9%	96 669	11%
Value reinvested				
Depreciation, amortisation and impairments	36 966	6%	59 124	7%
Deferred tax	8 467	1%	21 427	3%
Value retained				
Retained income	41 454	7%	54 278	6%
Total wealth distributed and retained	582 807	100%	852 565	100%

Value distribution 2013



Value distribution 2014



Group overview



Tell me and I forget. Teach me and I remember. Involve me and I learn. (Benjamin Franklin).



“Education is one of the cornerstones of society, providing the main strategic thrust for sustainable development and growth.”

The business, purpose and strategy

Curro provides independent school education and care to learners from three months of age to Grade 12. The Group also owns and manages Embury Institute for Teacher Education (Pty) Ltd (Teacher Training College).

Ancillary services include, but are not limited to, aftercare centres, cafeterias, school transport and boarding facilities.

Curro opened in January 2015 with 42 schools accommodating 36 021 learners.

Vision

Curro's vision is to make independent school education accessible to a wider group of learners throughout South Africa.

Business aim

If the Group delivers on its plans (refer to “targets for 2015” for more detail) of an average of seven new schools in 2015, and if the Group continues at this growth pace annually until 2020, Curro will be on track to achieve 80 schools by 2020 with approximately 90 000 learners.

Curro's ethos

Curro's ethos remained unchanged since inception. As a Group of, dedicated and experienced educators, four key components were identified that inform our value-system.

They are:

- Child friendliness
- Positive discipline
- Christian ethos
- Creative thinking

Group overview (continued)



Curro Castle nursery schools are homes away from home where foundations are laid for success at school.

Through these components Curro creates a balanced educational space in which many extramural activities, such as sport and culture, can be enjoyed by learners whilst not losing sight of the essence of a school, namely successful learning. These components also form the foundation of Curro's ethical standards.

Curro views the written curriculum as the mainstay of its offering and if the taught curriculum can be received by learners according to the intentions of the written curriculum, successful learning takes place.

For too long, many schools have neglected the importance of dynamic curriculum development and, in many cases, placed too much focus on the achievement of sports results. In this regard Curro brings balance to the school environment.

Brands/lines of business

To achieve the vision, Curro has six sub-brands, or lines of business. These are:

- Curro
- Select
- Curro Academy
- Meridian
- Curro Castle
- Embury Institute for Teacher Education

Refer to pages 16 and 17 of this report for a business overview of the different school models (excluding the Embury Institute for Teacher Education, which is more fully described below).

Curro's business model originated from the fact that the State could no longer supply sufficient schools in more affluent areas.

The model is simple to understand, with high barriers to entry which include:

- An established brand and reputation that can be trusted.
- The availability of suitable and affordable land with the need for high, upfront capital investment.
- The necessity for significant initial capital investment and working capital until a school reaches break-even mark.
- A tight timeline to construct a school.

Curro manages the entire process of the establishment of a new school. From the identification of the area and acquisition of the land, to the overseeing of the building process up to ensuring that it is operational when opening. In-house skills management ensures that capital is spent effectively to keep school fees as competitive as possible whilst creating a return for shareholders. The development cost for each school varies from approximately R70 million to R120 million. Curro schools normally reach cash flow break-even by the third year. A margin of 35% to 40% in earnings before interest, tax, depreciation and amortisation (EBITDA) is aimed for at maturity.

Curro also acquires established independent schools. Many well-known independent schools belong to their founding members. At a certain stage, a need arises to sell these schools, because running a school requires intensive management effort, which becomes beneficial to the buyer and seller. The seller, as the owner, can retire and the buyer can ensure a sustainable future for the school/s.

At Curro's planned growth pace (refer to "business aim" on page 9 of this report) more schools initially operate in the lower bracket of learner capacity 0% to 25%. It usually takes a new school four to seven years to reach targeted EBITDA margins. Refer to page 34 of this report for EBITDA margin statistics.

During 2013 Curro decided to place a separate focus on child care and established the Curro Castle brand. With the prevalence of households where both parents are working, there is a demand for a credible facility where children will be cared for and educated in a safe, stimulating environment whilst preparing for foundation phase.

The Curro business is sustainable in terms of development and there are ample opportunities for growth. Furthermore, Curro has the ability of phasing its expansion if the enrolments do not materialise according to forecasts. Should this happen, Curro will be in a position to fill existing schools only and not spend more capital on new developments, keeping the business profitable and sustainable.

Established schools provide for sound cash generation. Curro currently uses cash generated to expand existing schools and establish new schools with its focus to achieve its "80 @ 20" vision and no dividends were declared in 2014.

The Embury Institute for Teacher Education (Pty) Ltd (Teacher Training College), a wholly-owned subsidiary of Curro, is a private higher education institution accredited with the Council on Higher Education and registered with the Department of Higher Education and Training. The Teacher Training College offers full-time education qualifications as well as in-service training for practicing educators. It was acquired by Curro at the beginning of 2013 and will contribute in terms of both internal and external educator development. We envisage developing two additional colleges. Detail of courses, training programmes and fee structures can be found on www.eite.ac.za.

Our product

Curro established the Curro Centre for Educational Excellence (CCEE) to:

- Develop and apply the latest trends in curriculum standards and dissemination.
- Set quality of academic standards and ensure standardisation across schools.
- Provide advice on educational and related matters to the Executive Heads, Operational Heads, Subject Heads and educators at the schools.
- Identify and develop educators and standards of excellence in subjects, with the primary focus on mathematics, science and technology.
- Do ongoing research to inform world-class practice.

IEB examinations have been accepted at all Curro schools and have been in effect since 2012, with the exception of Meridian schools, where the Department of Education's (DOE) examination is written. Academic quality control is done by our Regional Heads (internally) and Umalusi (externally).

Why Curro believes in its business

Curro believes that the purpose of education is to empower every person to achieve their potential as individuals and members of society. Education is one of the cornerstones of society, providing the main strategic thrust for sustainable development and growth.

South African education has seen many transformations since 1994 and despite the substantial allocation of the national budget to education, the demand for quality schools and educators remains insatiable.

Government is progressing in creating equal opportunities for learners, but still faces many challenges in providing education at an acceptable standard.

This creates a vacuum in terms of facilities and standards at the lower to middle end of the market and for new schools in the more affluent areas requiring private sector participation. Article 29 of the South African Constitution enshrines and protects this role of independent schools to fulfil their role in this regard.

Group overview (continued)

The following table provides a summary of the education landscape in South Africa and Curro's participation therein:

	Government*	Independent*	Independent schools % of total market	Curro Group (31 Jan 2015)	Curro % of independent schools
Number of schools	24 282	1 544	3%	42	3%
Number of learners	11 932 681	495 388	4%	36 021	7%
Number of educators	392 672	32 495	7%	2 214	7%

* Source: January 2014 report issued by Department of basic education, education statistics in South Africa 2012, www.education.gov.za.

There are more than 12 million learners throughout the official South African school system. Registered independent school learners comprise less than 4% of the total. Globally this average is at approximately 16%. Of the 24 365 schools, there are 5 145 ex-model C schools with approximately 2 million learners.

Against this as background, it is clear that Curro can develop a large number of independent schools throughout South Africa. The development of every independent school increases state schools capacity for new enrolments. In addition thereto, this saves the state the capital outlay of R70 million to R120 million to construct a school with running costs for a mature school in excess of R50 million per annum.

The Meridian venture and its respective investors will accelerate access to quality schooling and play a supportive role for government in addressing the educational needs of South Africa in the lower-income market under the brand of Meridian schools. This is an important social and economic impact project of the Group. We aim to add another one Meridian school to our Group. More schools similar to Meridian schools will be developed within the Curro Academy brand.

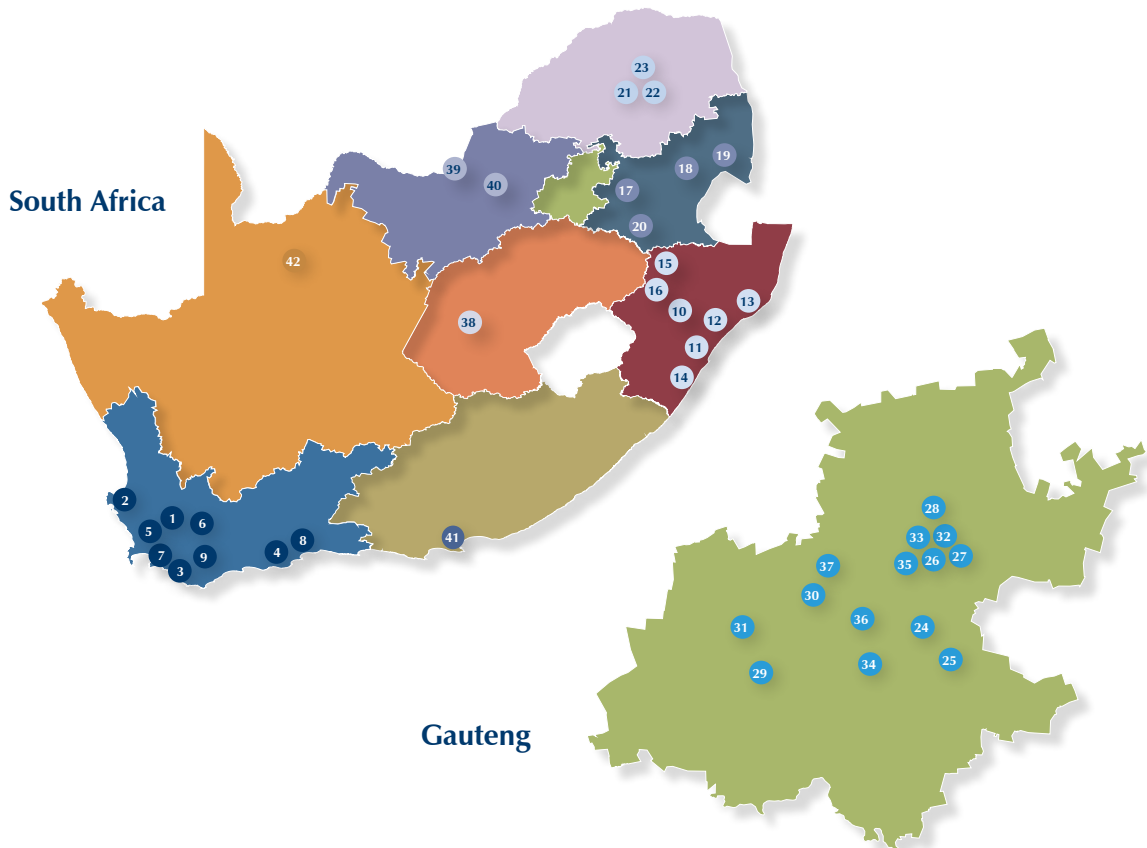
Curro will expand its Group of independent schools by means of new developments and acquisitions. This strategy will not only support the public sector, but will also supply parents with additional options for their children's education. Curro believes that independent schools will increasingly improve educational standards which will lead to the further development of the South African population, which in turn will contribute meaningfully to the enhancement of economic growth.





At Curro, 21st century teaching and learning takes place with technology driving the curriculum.

Group overview | Operational overview: Schools



Western Cape

- 1 Curro Durbanville
- 2 Curro Langebaan
- 3 Curro Hermanus
- 4 Curro Mossel Bay
- 5 Curro Century City (Cape Town)
- 6 Meridian Pinehurst (Kraaifontein)
- 7 Rosen Castle (Tygervalley)
- 8 Curro Castle George
- 9 Curro Brackenfell

KwaZulu-Natal

- 10 Curro Hillcrest
- 11 Curro Embury College (Durban)
- 12 Curro Mount Richmore (Ballito)
- 13 Grantleigh (Empangeni)
- 14 Teacher Training College (Durban)
- 15 Meridian Newcastle
- 16 St Dominics (Newcastle)

Mpumalanga

- 17 Curro Bankenveld (Witbank)
- 18 Curro Nelspruit
- 19 Meridian Karino (Nelspruit)
- 20 Curro Secunda

Limpopo

- 21 Curro Heuvelkruin (Polokwane)
- 22 Meridian Northern Academy I (Polokwane)
- 23 Meridian Northern Academy II (Polokwane)

Gauteng

- 24 Curro Serengeti (Kempton Park)
- 25 Curro Helderwyk (Brakpan)
- 26 Curro Hazeldean (Pretoria)
- 27 Curro College Hazeldean (Pretoria)
- 28 Curro Roodeplaats
- 29 Curro Aurora (Randburg)
- 30 Curro Thatchfield (Centurion)
- 31 Curro Krugersdorp
- 32 Meridian Pretoria
- 33 Woodhill College (Pretoria)
- 34 Waterstone College (Johannesburg South)

Gauteng

- 35 Curro Academy Soshanguve
- 36 Meridian Cosmo City
- 37 Curro Monaghan

Free State

- 38 Curro Bloemfontein

North West

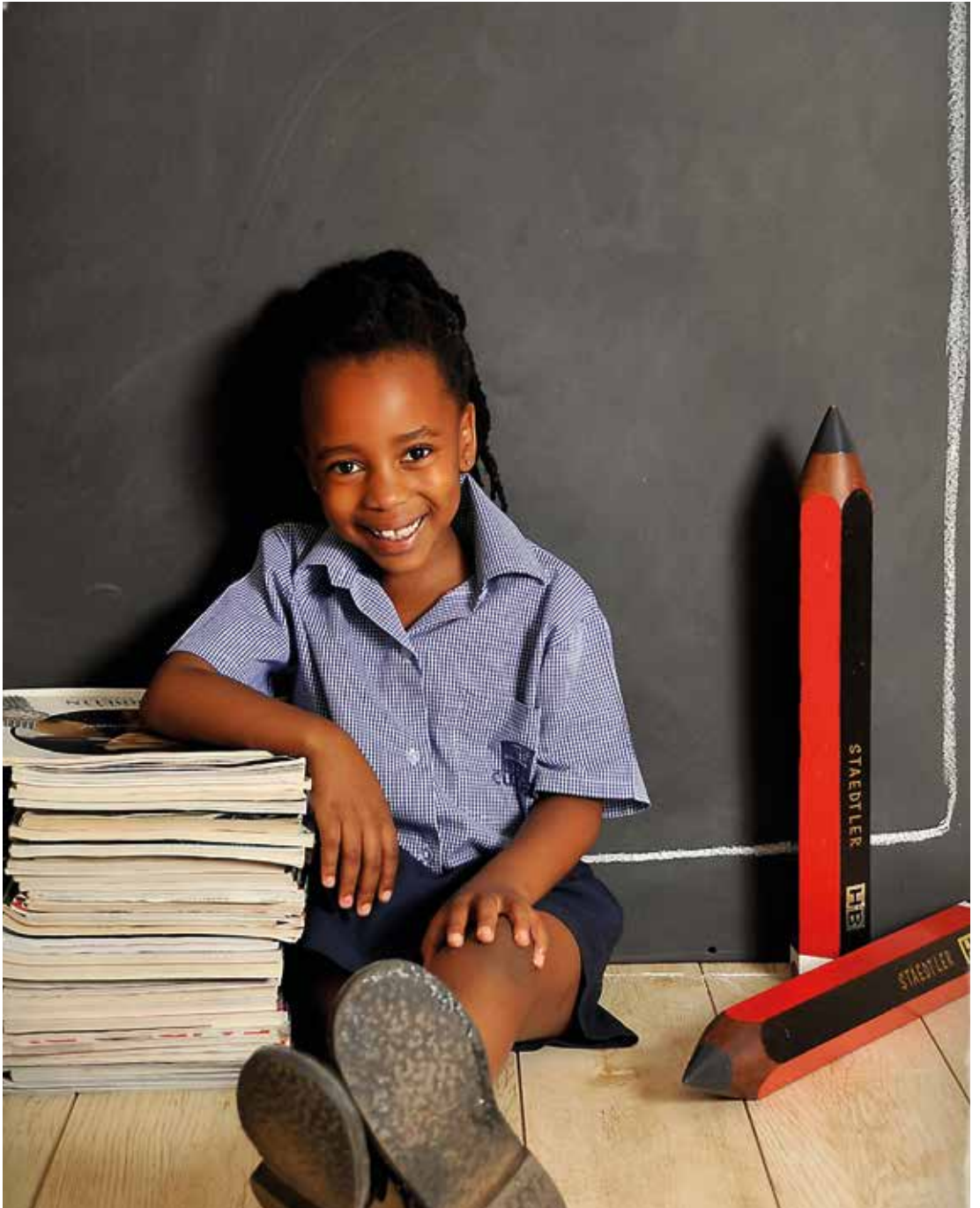
- 39 Curro Academy Mahikeng
- 40 Meridian Rustenburg

Eastern Cape

- 41 Curro Westbrook (Port Elizabeth)

Northern Cape

- 42 Curro Kathu



Child friendly environment creates milieu for quality learning.

Group overview | School models

School Model Features

PLEASE NOTE: Indicators below represent a general overview of Curro's school models. Features differ from school to school, depending on the school's development phase, demographics and demand.

Acquired and further developed or constructed and developed by Curro Holdings Ltd

Curro's pillars of character: Child friendly, positive discipline, Christian ethos, and creative thinking

Balanced academics, sport and culture

Co-educational

Language of teaching and learning

Groups/Grades

Mainstream

Boarding facilities

Aftercare and holiday care

School transport

Maximum Educator: learner ratio

Benchmarked and well-managed curriculum

Curriculum content

21st century teaching and learning

Matric examining body

FET subject choices

Focus on mathematics and physical sciences

Focus on CAT and IT

Technology in the classroom

Focus on school readiness

Value-added programmes

Qualified and committed educators

Educator training and support

Individualisation

Disciplined, safe and stable environment

Academic and/or remedial support

Healthy balanced meals and snacks

Kiddies Activity Centre

School terms

School uniform

Online shopping and communication

School size

Academic facilities: Multi-purpose halls | IT labs | Science labs | Hospitality centres | Science labs

Extramural facilities - Sport: Fields | Courts | Swimming pools | Astro turfs

Extramural facilities - Cultural: Music | Dance | Art | Drama

(√ Yes | x No | * Demand driven)

Registered

Accredited with Umalusi

Feeder areas

Range of basic school fees (2015) (annual increase +/-9%)

(excluding enrolment/registration/hostel/other) (including school sport)

* Properties owned by Campus and Property Management Company (Pty) Ltd (Capmac) and operated by Meridian Operations Company (RF) NPC (MOC). Under management contract with Curro Holdings Ltd.

 **CURRO**
Schools

 **MERIDIAN**
Schools

 **CURRO**
Academy
Schools

 **CURRO**
Select
Schools

 **CURRO**
Castle
Nursery Schools

✓	Capmac and MOC *	✓	✓	✓
✓	✓	✓	✓	✓
✓	Focus on academics	Focus on academics	✓	✓
✓	✓	✓	✓	✓
English and Afrikaans or English	English	English	English	English and Afrikaans or English
Group 3 - Grade 12	Grade RR - Grade 12	Grade RR - Grade 12	Group 3 - Grade 12	Group 1 - Grade 5
✓	✓	✓	✓	✓
Certain schools	Certain schools	Certain schools	Certain schools	Certain schools
Demand driven	Demand driven	Demand driven	Demand driven	✓
Demand driven	Demand driven	Demand driven	Demand driven	n/a
1:25	1:35	1:35	Varies (Ave 1:20)	Varies (Ave 1:20)
✓	✓	✓	✓	✓
Enhanced CAPS Robotics/21st century Science	Enhanced CAPS	Enhanced CAPS	Enhanced CAPS Robotics/21st century Science	Curro-developed Curriculum
✓	✓	✓	✓	✓
IEB	DOE	DOE	IEB/DOE	n/a
Extensive	Focused	Focused	Extensive	n/a
✓	✓	✓	✓	✓
✓	Demand driven	✓	✓	n/a
✓	✓	✓	✓	n/a
✓	✓	✓	✓	✓
Wide variety	Demand driven	Demand driven	Wide variety	Appropriate
✓	✓	✓	✓	✓
✓	✓	✓	✓	✓
✓	✓	✓	✓	✓
✓	✓	✓	✓	✓
✓	✓	✓	✓	✓
Tuckshop	Tuckshop	Tuckshop	Tuckshop	✓
n/a	n/a	n/a	n/a	✓
4	4	4	4	Open 51 weeks per year
✓	✓	✓	✓	n/a
✓	✓	✓	✓	✓
Up to 2 000 learners	2 500 + learners	2 500 + learners	Varies	Up to 440 children
✓✓✓*✓ (fixed)	✓✓x*✓ (mobile)	✓✓x*✓ (mobile)	✓✓✓*✓ (fixed)	Fantasy buildings
✓✓**	✓✓xx	✓✓xx	✓✓✓*	HAGS playgrounds
****	xxxx	xxxx	****	Kitchens
				Activity rooms
DOE	DOE	DOE	DOE	Department of Social Development
✓	✓	✓	✓	n/a
All are welcome	All are welcome	All are welcome	All are welcome	All are welcome
R1 800 - R5 800	R1 000 - R1 800	R1 800	R4 000 - R7 500	R2 200 - R3 000
p/m X 12 months	p/m X 12 months (includes selected text books and basic stationery)	p/m X 12 months (includes selected text books and basic stationery)	p/m X 12 months	p/m X 12 months

Group overview (continued)

Risks and responses

The following table illustrates the Group's top risks and how the Group mitigates these:

Risk	Mitigation
<p>Reputational risk</p> <p>The most significant risk for the Group is that our reputation is damaged as a result of an event or events.</p>	<p>The Group focuses on providing quality in all its domains. Main areas that might be affected by reputational risks are:</p> <ul style="list-style-type: none"> • Safety and security • Academic quality • Stakeholder communication • Relationship between educator and learner <p>Policies, procedures and the close monitoring of the results are a priority for the Board and management of the Group.</p>
<p>Curriculum risk</p> <p>South Africa has a history of ongoing curriculum change since 2004. Curriculum change is a positive phenomenon as long as it contributes to quality learning and teaching. Outcome-based education has also been implemented and has placed pressure on South African educators, because of administrative burdens.</p>	<p>Curro schools have the advantage of curriculum experts who guide educators in curriculum planning to maintain an ideal balance between the written curriculum and the received curriculum. This ideal balance motivates educators, because they can invest more time in teaching than in curriculum planning.</p> <p>Curro has also complimented the required state curriculum with additional learning areas that is considered relevant international best practice.</p>
<p>Investment risk</p> <p>A school is not positioned in an appropriate location and therefore does not grow as anticipated.</p> <p>Overpaying for an acquisition.</p>	<p>As a result of the growing demand, the market still offers significant growth opportunities.</p> <p>Appropriate sites are selected through performing proper qualitative and quantitative due diligence processes encompassing <i>inter alia</i> population trends, access routes, and land assessments.</p> <p>Acquisitions are carefully considered to ensure that the area still offers growth opportunities and the ethos of the target is aligned with that of Curro.</p>
<p>Financial risk</p> <p>Accurate historical and forecasted management information.</p> <p>Investment and expense management.</p>	<p>The expanding network of schools has necessitated ongoing investment in systems which are continually developing.</p> <p>A robust budgeting process is followed for capital and expense management which is continually monitored. There is also a 10-year forward growth plan for every school.</p> <p>Management is incentivised to outperform the set targets.</p>
<p>Cash flow and funding risk</p> <p>The availability of financial resources to meet operational requirements and expansion of its network of schools.</p>	<p>For expansion purposes, over the past couple of years, diversified its sources of funding from a single commercial bank only to multiple commercial bank relationships, funding from development finance institutions and a domestic medium-term note programme (Bonds).</p> <p>As a listed Company, Curro has the option to raise capital from equity markets.</p>

Risk	Mitigation
<p>Information technology risk</p> <p>Curro is continually becoming more dependent on technology which has exponentially increased with the introduction of handheld devices for a large number of our learners. High availability infrastructure is therefore becoming an imperative which includes the basis supply of electricity.</p>	<p>Curro has built a nationwide area network with industry leaders in the field. Access is well managed and controlled. We are implementing the best practice for security risks of handheld devices in order to protect our information.</p> <p>Alternative forms of electricity are now a key priority with the design of a new school and we have already addressed current sites that have experienced issues with power supply in the past.</p>
<p>Human resources risk</p> <p>Recruiting the right skilled and experienced educators.</p> <p>Managing an increasing workforce.</p>	<p>Curro believes it provides a good working environment.</p> <p>All Executive Heads are experienced leaders. They receive human resource management support from our contracted service provider and Regional Heads.</p> <p>Curro places a lot of emphasis on the development of our educators who are developed through in-service training and also through our Teacher Training College. The Teacher Training College provides newly-qualified educators which Curro considers in its recruitment process.</p>
<p>Economic risk</p> <p>Customers who can no longer afford to keep their children enrolled at the school.</p>	<p>In general, our customers believe in the value of good quality education. Curro experiences that parents spend is reprioritised to ensure that children receive quality education.</p> <p>Curro aims to provide a value-for-money service and market share is gained by parents looking to save money by trading down from high-end schools.</p> <p>The Meridian and Curro Academy brands have school fees that are affordable in independent schooling and comparative to that of the state school fee paying schools.</p>
<p>Safety risk</p> <p>Facilities and other factors in the environment that can be harmful to our learners.</p>	<p>Keeping safety in mind at the planning stages.</p> <p>Consulting with health and safety professionals and adherence with the authorities' building standards for public buildings, which will include a fire certificate.</p> <p>Policies are in place requiring appropriate conduct, duty and care by employees.</p> <p>Schools are fenced off with controlled entrance/exit through security guards.</p>

More detail on risk management can be found in the corporate governance report (page 43) of this report.

Group overview (continued)



Creative thinking and expression. These are the building blocks for confidence and success. (Creative hall at Woodhill College designed by its learners.)

Legislative framework

Our schools continuously strive to fully comply with government's requirements. According to law, an independent school must comply with:

- The local authority's building requirements, which include approved building plans.
- An engineer's certificate, fire certificate and ultimately an occupancy certificate.
- Employ educators with relevant qualifications who are registered with the South African Council for Educators.
- Registration of the school with the provincial department of education.
- Accreditation with Umalusi, the official body that oversees quality of education in South Africa.
- Follow the National Curriculum Statement and write either the Department of Education's Grade 12 examination or that of the IEB.

Achievements in 2014

Developments and acquisitions

During 2014, 10 new schools were added to the Group, of which eight were developed and two acquired. These included schools in Brackenfell (Western Cape Province), Secunda (Mpumalanga Province), Monaghan Farm (Lanseria, Gauteng Province), Kathu (Northern Cape Province), Mahikeng (North West Province), Soshanguve (Pretoria North, Gauteng Province). The acquisitions were that of Waterstone College (Pty) Ltd (in Johannesburg South, Gauteng Province) and Grantleigh (Northern KwaZulu-Natal Province).

Two new Meridian schools, through the Meridian venture, were developed, one in Cosmo City (Roodepoort, Gauteng Province) and the other in Newcastle (KwaZulu-Natal Province).

The land banking of seven sites for future development took place in 2014 to the value of approximately R100 million.

Academic results

The Group is pleased with its 2014 academic results. The following table summarises the 2014 and 2013 academic results of the Grade 12 learners that wrote the IEB and NSC examinations:

	IEB		NSC	
	2014	2013	2014	2013
Number of learners	637	380	488	632
Pass rate (%)	99	100	90	92
University exemption (%)	82	79	43	56
Average number of A's per learner	1.12	1.1	0.7	0.6
Average (%)	65	65	56	56
Average > 60% (%)	66	68	29	49
Mathematics (learners taken and average achieved) (%)	50/65	56/62	52/45	49/48

Curro continues to focus on mathematics and physical science. Targets are set at all our schools to increase learner participation and academic results in these subjects, with approximately 60% of learners taking mathematics as a subject and achieving an average of 60%.

Curriculum

Curro works very hard to create facilities and opportunities for learners to participate and achieve on both the sports field and the cultural terrain as we view education as a holistic process. However, the learning process inside classrooms remains Curro's core business and to ensure that this offering is of premium quality, the following have been implemented:

- Curro is in the process of revising all the national South African curriculum documentation to ensure that it corresponds with world-class curricula and that it is in line with the latest educational research.
- In the Further Education and Training (FET) Phase (Grades 10 to 12), Curro works closely with the IEB to ensure that standards are above the IEB requirements.
- Curro also developed a Robotics curriculum for Grades R to 6 during 2013, which was extended to Grade 9. Robotics is acknowledged in the international arena of "best practice" in education as a tool that stimulates cognitive development and fosters an interest in the STEM (science, technology, engineering and mathematics) subjects and related careers.
- More than 6 000 learners used tablets as educational media in 2014. E-learning materials are downloaded on all these devices to bring methodology in line with 21st century teaching and learning.
- Curro is committed to quality assurance and believes that learner achievement is the best indicator of excellence in teaching and learning. Grades 3, 6 and 9 learners are tested annually with internal systemic tests in mathematics and home language. Systemic tests reveal the level at which learners attained the expected

competencies. A unit within the CCEE follows-up with classroom-based support to address test results.

- Curro has appointed inter-Curro subject heads to coordinate the contact and co-operation of educators between Curro schools. This exciting development promises to contribute hugely to Curro being the leaders in quality education in South Africa.
- To ensure high employee morale and the professional development of educators, Curro offers educators and curriculum leaders ongoing training in four geographical centres being Pretoria, Johannesburg, Durban and Cape Town.

The overall philosophy, in terms of school management, remains appointing and retaining the most skilled people as Executive Heads at school level and supporting them with appropriate resources.

Information technology and systems

Information technology (IT) applications for the Group's academic and administrative processes remain a priority.

Establishing a reliable data network between our schools unlocks the potential to share best practice and for the effective collaboration between educators and learners. Centralisation and standardisation of administrative controls are done to promote consistency in governance and financial practices.

Curro is well positioned to move to a hybrid cloud strategy in the medium-term. Cloud computing forms part of the Company's strategy to reduce the impact of electricity dependency for teaching and administration at our schools and as such remains a high priority.

Delivering text books electronically and enriching the content with multi-media content has been deployed successfully at a number of our schools and will continue to be implemented over time.

Group overview (continued)

Stakeholder engagement

Day-to-day engagement takes place between the educator and learner which is viewed as the most important stakeholder engagement of the Group. To do this effectively various educational methods and communication programmes are used. In addition to educator and learner engagement, a corporate communication programme exists. This programme includes *inter alia* news updates that are school specific (celebrating the achievement and successes of our learners) and also Curro curriculum updates. Curro's marketers assist the schools with these communications to ensure that proper engagement takes place between the Group and its learners, parents and/or guardians (collectively referred to as our customer) that is within the Group's communication protocols.

Engagement with employees is covered in the employee section on (pages 36 to 38) of this report.

Engagement with the regulators took place within the formalised structure to do so and Curro has dedicated employees that communicate and engages with the regulators for example the DOE, Umalusi, town councils and municipalities.

The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO) and Chief Investment Officer (CIO) also play important roles in the engagement with the investment communities, shareholders and regulators.

Targets for 2015

Developments and acquisitions

Curro plans to add the following new Curro schools to the Group: Waterfall (Johannesburg, Gauteng Province), Sitari (Somerset West, Western Cape Province) and Hillcrest high school (Durban, KwaZulu-Natal). The development of three new Curro Castles are planned in the Johannesburg area.

A new site for the Meridian Pretoria school (Gauteng Province) is planned.

Curro plans to invest approximately R250 million in key land sites for future development.

Acquisitions remain a focus for Curro in 2015.

Curriculum

We shall continue to align our written curriculum by selecting relevant curriculum material, especially in the form of e-books.

We shall also continue with our systemic internal-testing for learners in Grades 3, 6 and 9 so that Curro can responsibly state that the competencies of learners in all the learning areas are aligned with first world countries. We have a classroom support unit that, works in schools where competencies need to be addressed.

The CCEE will continue with the implementation of our Robotics curriculum to develop technological and science-based skills and thinking patterns among learners. We are also preparing for the implementation of our own IT curriculum which includes skills for learners that will prepare them for the use of IT software as part of learning in our classrooms. The curriculum will also ensure that our learners develop computer coding competencies, a skill that is more and more valued in international literature.

Our educators (Grades R to 12) will once again receive professional development through in-service-training to align the latest relevant curriculum innovations with the new Curriculum and Assessment Policy Statement (CAPS) and build the capacity of our educators. The CCEE is also in the process of transforming all in-service training to e-learning material which will make learning available and individualised for all our educators.

Our Grade 12 educators will be informed about the latest CAPS pre-requisites and IEB requirements. We also have a vibrant system of inter-Curro subject heads in place. They consist of the top performing Curro FET educators and they are responsible to share best practice regarding assessment and teaching amongst all our schools.

Although we are confident that our e-learning approach will succeed, we remain objective, because we realise that this is a new space in which we should apply best efforts in order to learn and grow continuously. More than 10 000 learners will use tablets as the educational medium in 2015.

Employees

We set ourselves the following targets:

- Continue with efforts to transform the working place into an environment which motivates employees to give their best at all times.
- Continuous development to ensure premium employee knowledge and competency.
- Implementation of recognition programmes to reward extraordinary achievements.

Information technology and systems

We shall continue to:

- Stabilise the Group's network by further analysing and optimising the data traffic on our network.
- Expand the control of Microsoft active directory by further development of user profiling policies, thus improving security and stability of the network.
- Develop Curro's digital library.
- Continue to enhance computer literacy skills of Curro's educators.

Stakeholder engagement

In 2015 we will continue to build on our engagement efforts and relationships with our stakeholders through our marketing and communication programmes.

Focus on the strengthening of relationships with all our stakeholders.



Building character and teaching life skills through sport.

Group overview (continued)

Leadership

The leadership team of Curro consists of its Board of Directors, Senior Management and the Executive Heads at the schools.

Board of Directors

For information on the Board of Directors, their roles, responsibilities and powers, refer to pages 40 to 42 of this report. The curriculum vitae of the Board of Directors are summarised below:

1 SL (Santie) Botha*

B Econ and BEcon (Hons)

Santie is currently the Chancellor of Nelson Mandela Metropolitan University in Port Elizabeth. She serves as a non-executive director on the boards of Liberty Holdings Ltd, Tiger Brands Ltd and Telkom Ltd and as Chairperson of Famous Brands Ltd. Santie has broad knowledge and experience in different sectors ranging from banking (Executive Director: ABSA Bank, 1996 to 2003) to telecommunications (Executive Director: Marketing: MTN, 2003 to 2010). In 2010, Santie received the South African Business Woman of the Year Award.

2 Dr CR (Chris) van der Merwe^Δ

B Prim (Ed), Med (Cum laude), PhD in Education

Chris has broad knowledge and is highly experienced in the independent school sector and carries a doctorate in education. Chris was one of the four finalists in the exceptional category of the World Entrepreneur Competition held by Ernst & Young in November 2013. He is the founder of Curro. Curro developed from a school (based in a church) with 28 learners to a JSE listed Company with 42 schools accommodating 36 021 learners. Today, Chris is the CEO of Curro.

3 B (Barend) Petersen*

CA(SA)

Barend, a chartered accountant, has broad international business experience in mining, finance, auditing, the oil industry, energy, government relations, business turnarounds, corporate recovery, consulting and corporate governance. Barend is the Executive Chairman of De Beers Consolidated Mines and is also a non-executive director of various listed and unlisted companies including Anglo American South Africa Ltd, Alexander Forbes Group Ltd and the Chairman of Sizwe Business Recoveries (Pty) Ltd (founded by him in 1997).

4 PJ (Piet) Mouton[§]

B Comm (Maths)

Piet is the CEO of PSG Group Ltd and serves as a non-executive director on the boards of various PSG Group Ltd companies including Capitec Bank Ltd, Zeder Investments Ltd and PSG Konsult Ltd. He has been active in the investment and financial services industry since 1999.

5 B (Bernardt) van der Linde^Δ

CA(SA), CFA

Bernardt, a chartered accountant, made a career change in 2005 from audit manager of PricewaterhouseCoopers Inc to being a writer for Finweek. He joined PSG Group Ltd in 2007 where he was, inter alia, part of the executive team at Paladin (now PSG Private Equity). He joined Curro as the CFO on a full-time basis in 2011.

6 Dr SWF (Sibongile) Muthwa*

BA (SW) (Fort Hare), BA (SW) Hons (Wits), MSc (SPPDC), PhD (London)

Sibongile has international business experience in non-government, development, and public sectors, as well as in academia. Currently she is the Deputy Vice Chancellor: Institutional Support at the Nelson Mandela Metropolitan University. Sibongile serves as a non-executive director on the boards of the Seriti Institute NPC and the University Sports Company (Pty) Ltd. She is on the board of trustees of the Women in Dialogue Trust and a Commissioner for the Financial and Fiscal Commission. Between 2004 and 2010 Sibongile served as the Director General of the Eastern Cape Provincial Government.

7 ZL (KK) Combi*

Diploma in Public Relations, member of the Institute of Directors South Africa

KK serves as a non-executive director of various listed and unlisted companies, including the PSG Group Ltd and is also the Chairman of Pioneer Food Group Ltd. He has broad knowledge and experience of business in different industries and has been active as an entrepreneur since 1995.

8 AJF (Andries) Greyling^Δ

CA(SA)

Andries, a chartered accountant, started his career as audit manager at KPMG Inc. Thereafter he worked at Sasko (a division of Pioneer Food Group Ltd), Distell Ltd and PricewaterhouseCoopers. In 2000, he joined Media 24 Ltd's ICG (brand names include INTEC, Damelin) as financial director where after he was promoted to financial director of Educor (Pty) Ltd ("Educor"). In 2006, Educor bought a 25% stake in Curro, where Andries, with Chris, compiled the expanded business plan upon which Curro's current growth strategy is based. In 2007, when Naspers Ltd disposed of Educor including Curro, Andries acquired a stake in Curro and joined the company as financial director. Today, Andries is the COO of Curro.

9 HG (Hennie) Louw^Δ

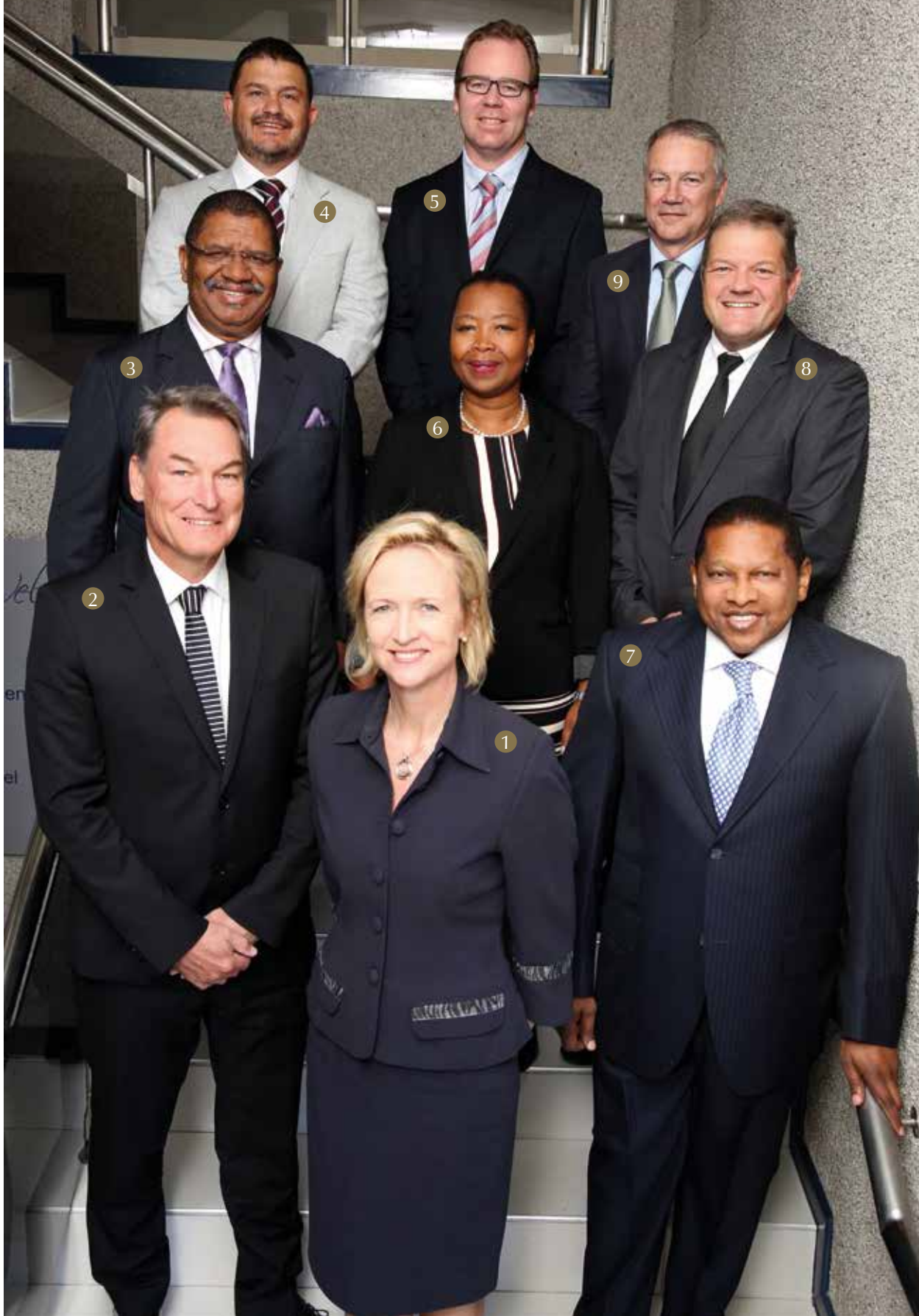
CA(SA)

Hennie, a chartered accountant, lectured in Auditing at the University of the Western Cape prior to joining Hospiplan Ltd, a Group that developed private hospitals across South Africa, as Group financial director, in 1996. In 1998 he joined Media 24 Ltd's ICG as Managing Director and was the Group managing director of Educor from 2004 to 2007. After working in the venture capital industry as an investment manager for Mark Shuttleworth's venture capital firm HBD (Pty) Ltd, Hennie joined Curro in 2010 as manager of new business. Today, Hennie is the CIO of Curro.

* Independent non-executive director

§ Non-executive director

Δ Executive director



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Group overview (continued)

Curro’s Senior management team and their functions are:

Samara Totaram*	CEO: Meridian venture
Stoffel Goosen	Operations Manager: New Schools Development
Dawie van Emmenis	Regional Head
André Pollard	Regional Head
Shawn Thomson	Regional Head
Malcolm Law	Regional Head
Alta Greeff	Head of CCEE
Anthony Edwards	Operations Manager: Compliance and Quality Assurance
Jaco Kotze	Operations Manager: New Business Projects, IT and Systems
Barend Weideman	IT Manager
Divan Hartshorne	Financial Manager
Johan Human	CEO: Teacher Training College

* Curro Executive Committee member.

The Group’s Human Resource function (HR) vests with the COO, who is assisted by a subcontracted service provider and supported by the Regional Heads to ensure adherence to policies.

Executive Heads are appointed for each school and these individuals are responsible for managing the school he/she is appointed to. The Regional Head provides leadership to the Executive Heads (limited to no more than 12 schools per Regional Head) under the guidance and direction of the COO.

Curro’s Company Secretary is Ronell van Rensburg.



Quality curriculum informs good education at Meridien Schools.

The abbreviated curriculum vitae of the Company Secretary and that of the Executive Committee member (non-director) follow:



Samara Totaram (Samara)

CA(SA), CFA

Samara, a chartered accountant, spent 18 months at the Royal Bank of Scotland in London prior to joining PSG Capital (Pty) Ltd in 2007. In 2010 Samara was appointed a director of PSG Capital (Pty) Ltd and was primarily involved in new listings, capital raisings and other commercial transactions, merger and acquisition advisory work, general corporate finance consulting and valuations. In October 2010 she joined Thembeke Capital Ltd and was appointed their Managing Director in 2013. Samara serves as a non-executive director on the boards of various listed and unlisted entities. In October 2014 Samara joined Curro as the CEO of the Meridian venture and is an Executive Committee member of Curro.



Ronell van Rensburg (Ronell)

BCom (Accounting), FCIS and Member of the Institute of Directors South Africa

Ronell, a FCIS chartholder has more than 13 years' experience in the governance and Company Secretary arena in various industries such as banking, manufacturing, retail, information technology, public sector, investment and financial services. Ronell was appointed as Curro's Company Secretary in October 2013.



Building solid foundations for a bright future.



“the Curro brand is recognised and established as a trusted, quality brand”

Dear Stakeholders

It gives me great pleasure to update you on the performance of the Group for the year ended 31 December 2014, and to inform you of progress made in the implementation of Curro's growth strategy.

Environment

The Group once again delivered very strong results for the year under review. This was achieved despite an uncertain and subdued macro-economic environment where both consumer sentiment and spending declined due to general economic uncertainty in the country. Lower than expected GDP growth further contributed to the erosion of disposable income for household spending.

Results

During 2014, Curro's results exceeded expectations on both financial performance as well as on the academic performance front. Revenue improved by 52% to R1 billion (2013: R659 million) while profit after tax (PAT) rose 28% to R51 million (2013: R40 million). Headline earnings per share (HEPS) grew by 38% to 17.7 cents per share (2013: 12.8 cents per share).

The number of learners at Curro now stands at 36 021 and the number of schools have increased by 10 to 42. The Group prides itself in having a national footprint, with both urban and semi-urban schools.

We are proud to say that the Curro brand is recognised and established as a trusted, quality brand which delivers top quality education. This can be seen in the matric results of 2014 with average pass rates of 99% (IEB) and 90% (NSC).

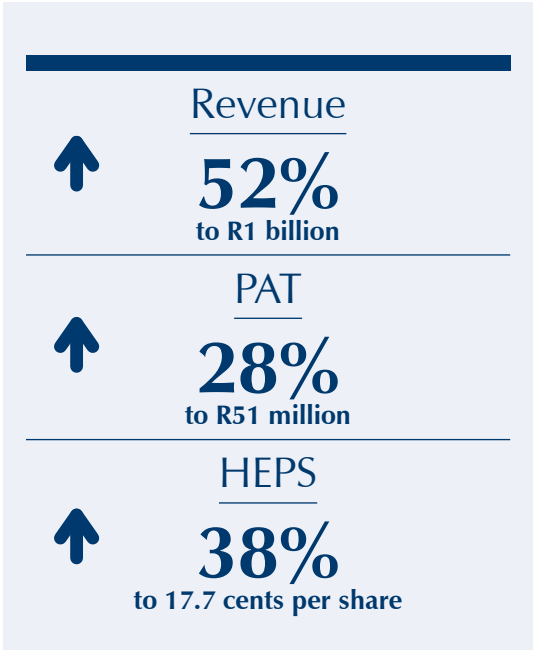
Leadership

Our highly respected and experienced executive team, under the guidance and leadership of Dr Chris van der Merwe, is passionate about what they do and deliver.

Succession planning features high on the agenda and we have a well-trained, experienced and motivated workforce which gives us a clear competitive advantage in the market.

Outlook

We anticipate that the independent education environment will become more competitive going



forward. At Curro, we view this positively as we all strive to provide quality education to enable our future leaders to compete on the global stage.

Appreciation

I wish to thank my colleagues on the Curro Board for their invaluable contribution during the year. I would also like to extend my thanks and appreciation to Dr Chris van der Merwe and his leadership team for their commitment, professionalism and dedication.

I am privileged to be serving as the Chairperson of Curro during this important growth phase in its history as collectively we strive to make Curro realise its full potential over the coming years.

I would like to acknowledge and thank all our employees, educators, suppliers, customers, learners and business partners for exceeding the high standards that we set in our business.

Curro’s investment proposition, centered on providing a holistic solution to investment partners and customers, together with its planned strategic and operational initiatives aimed at boosting growth, will continue to strive to reward your confidence.

Santie Botha
Chairperson of the Board

Report to stakeholders | Chief Executive Officer's report



“We are positive about our vision of 80 schools by 2020.”

We are positive about our vision of 80 schools by 2020. At the beginning of 2015 we had 42 schools in our Group accommodating over 36 000 learners. This means that we have reached our pre-listing statement's promise of 40 schools by 2020, five years ahead of our schedule. The average growth pace we envisage is that of developing seven new schools per annum. This growth pace reinforces Curro's commitment to infrastructure investment and services for future growth and the sustainability for social and economic development through our business, which is the providing of quality education.

The Curro brand continues to embody quality, sustainability and value for money. Parents find reassurance in the Curro brand and all schools are unified thereunder. More detail on the different brands and lines of business can be found on pages 10 to 11 of this report.

We stand for child friendliness, positive discipline, a Christian ethos and creative thinking. With more than 65% of learners that are Black, we see Curro as an inspiring example of transformation, embedded within it, as part of the organisational values, inclusivity and equal opportunity. Our schools are also demographically and geographically representative.

Our contribution to the social and economic development of South Africa can be seen in the quality of citizens prepared for the “world of work” reflected in final

Grade 12 results of each school, as well as an assessment of the kind of citizens developed through the organisational values that we embrace. In this regard I am proud to announce that we had 637 learners who wrote the IEB's examination, 44 obtained A-averages, 171 obtained B-averages and 209 obtained C-averages. The pass rate was 99% and 82% of these learners passed with university exemption. When these Grade 12's left Curro, they were well-rounded young adults and we believe that they will help grow South Africa into a competitive nation.

On 15 July 2015 Curro will be 17 years old and on 2 June 2015 Curro will celebrate its 4th year as a listed Company. This achievement has not been without hard work, commitment and dedication from every employee, educator, manager, executive and the Board. Thank you for all your efforts, positive attitudes and your continued focus.

My sincere thanks to our Chairperson, Santie Botha. Curro is well on its way to growing into a mid-cap business and her knowledge and experience of the wider corporate world continues to have a positive impact on the Group.

I wish to thank PSG Group Ltd (PSG) for their invaluable support since 2009. I have seen how their business expertise have brought about positive change and made it possible for three small schools to transform into a sizeable JSE listed Company. My sincere appreciation also goes to Jannie Mouton, the founder of PSG, who is always there to assist me as a mentor.



Accessible and inclusive independent school education.

To our educators, who deliver the curriculum in our classes: You are the true heroes, the ones who need to be applauded. On behalf of our Board and the Executive Committee, thank you for your MAGNIFICENT efforts, teaching, motivation and for being there for the learners. Together we are improving and building the nation. We deeply appreciate your dedication to this very important role.

Thank you

A handwritten signature in black ink, which appears to read 'Chris van der Merwe'. The signature is stylized and fluid, with a long horizontal stroke at the end.

Dr Chris van der Merwe
Chief Executive Officer



“In 2015 Curro plans to invest between R1.1 billion and R1.6 billion”

Introduction

At the time of listing Curro stated its objective “by 2020, to have at least 40 schools with a total learner enrolment in excess of 45 000 and a profit after tax of more than R450 million” (This translated to a headline earnings per share of 280 cents based on 161 million shares in issue.)

With regards to the number of schools, Curro has exceeded its pre-listing aim and reached 42 schools, five years ahead of target. Learner numbers will most likely exceed 45 000 in the next year or two.

This accelerated investment programme was mainly financed through the issuances of shares. After the Company's fifth rights offer in May 2015, the issued number of Curro shares will be approximately 355 million shares which are more than double the issued shares at the time of listing and initial rights offer. However, this has not impacted the objective to reach at least 280 cents per share by 2020.

On a macro- and micro-level, Curro is managed with the aid of a 10-year plan. This has been the case from the inception of the Company. All existing schools are benchmarked to its individual 10-year plan. All potential new schools are assessed based on the estimated return on its 10-year plan.

Key items in the plan are:

- Number and expected growth of learners;
- Number of employees and educators;
- School fees;
- Salaries and other expenses;
- EBITDA margin;
- Capital investments; and
- Internal Rate of Return (IRR).

Targeted IRR is 25% and schools are managed with this in mind.

Investment and funding

In 2014 Curro invested R1.3 billion. The investments were funded through:

Net receipts from the rights offer	R590 million
Cash generated from operations less interest	R150 million
Cash from debt funding	R560 million
Total investment	R1 300 million

In 2015 Curro plans to invest between R1.1 billion and R1.6 billion. The investments will be funded through a rights offer with net receipts of approximately R726 million and the remainder through a combination of cash receipts from operations and debt funding.

Debt funding

The Meridian venture is a business comprising eight schools that operates from the Meridian Operations Company (RF) NPC (MOC). In addition to the school fees paid to MOC, the learners also pay a facility fee to Campus and Property Management Company (Pty) Ltd (Capmac). Although Curro does not have an interest in MOC for accounting purposes it is still required to be consolidated in the Group's results. Curro owns a beneficial ownership of 65% in Capmac.

Capmac is a highly geared Company with 70% of senior debt, 15% of mezzanine debt and 15% of junior debt. Curro only contributed 65% towards the junior debt. The other debt has been provided by the Schools and Education Investment Impact Fund of South Africa (SEIFSA) and Old Mutual.

	SEIFSA and Old Mutual (Rmillion)	Curro (Rmillion)	Total (Rmillion)
Senior and mezzanine	496	–	496
Junior (considered equity)	27	50	77
Total	523	50	573
<i>Effective gearing</i>			86%

Capmac is a ring-fenced entity in Curro and there is no recourse to Curro's balance sheet should there be a default by Capmac.

Curro Group gearing

	(Rmillion)
Curro	719
Long-term funding	865
Other debt (debentures and acquisition payment)	30
Cash and cash equivalents	(176)
Meridian	504
Long-term funding	523
Cash and cash equivalents	(19)
Total debt	1 223
Total equity	2 211
<i>Gearing including Capmac</i>	55%
<i>Gearing excluding Capmac</i>	33%

In terms of exposure to gearing, Curro (excluding Capmac)

remains relatively lowly geared at 33%. Curro has hedged about 77% of its interest repayments. With the additional capital from the rights offer these gearing levels should not change significantly over the short-term. Overall Curro remains in a strong financial position that enables it to continue with its growth strategy as well as enables it to act on opportunities that might arise without placing the business at undue risk.

School financial performance

Curro has sensitised the market to the J-Curve effect as a result of the high component of fixed expenses to a school irrespective of the number of learners in that school. In other words, over time, earnings will grow faster than learner numbers.

The table below illustrates the progression of an average school, based on median data for schools opened since 2010. It shows that the average school opens with approximately 300 learners and is expected to make a loss in its first operational year. It takes approximately five years for a school to grow to 1 000 learners, making R8.4 million contribution to EBITDA.

Year	Median average learner numbers per school	Median average EBITDA per school (Rmillion)
1	291	(0.3)
2	469	1.5
3	645	2.7
4	719	4.1
5	997	8.4

Report to stakeholders | Chief Financial Officer's report (continued)

The table below illustrates the financial performance of schools over a number of years grouped by the year that the schools were opened. This clearly illustrates the J-curve effect that profitability increases much more than growth in learner numbers.

Year in which school opened	2012			2013			2014				
	Number of schools	Number of learners	EBITDA R'000	Number of Learners	% change	EBITDA R'000	% change	Number of Learners	% change	EBITDA R'000	% change
2009*	3							2 734		16 400	
2009 and before	11	8 437	76 991	13 411	59%	127 012	65%	14 458	8%	165 744	30%
2010	2	1 290	5 366	1 636	27%	8 151	52%	1 994	22%	16 852	107%
2011	6	2 164	(2 788)	2 962	37%	6 846	n/a	3 721	26%	24 561	259%
2012	2	582	(699)	1 002	72%	2 034	n/a	1 362	36%	8 329	309%
2013	4			2 016		10 944		3 645	81%	36 975	238%
2014	4							823		(6 565)	
	32	12 473	78 870	21 027	69%	154 987	97%	28 737	37%	262 296	69%

*New schools acquired in 2014 in existence 2009

The information below indicates, based on an eventual capacity utilised basis, how schools perform. As can be seen from the EBITDA margin information, schools below 25% capacity are expected to make an EBITDA loss. For capacity between 25% and 50%, EBITDA margins are between 10% and 20%. In the next capacity bracket of 50% to 75% schools make on average between 20% and 30% margin, whilst schools at more than 75% capacity should be making more than 30% EBITDA margin. At full capacity schools are expected to make approximately 40% EBITDA margin. The EBITDA margin in the 75% to 100% capacity bracket has dropped in 2014 as a result of the new acquisitions that are making lower margins, whilst there has been some investment in the Teacher Training College that has reduced the EBITDA margin. This will reverse over the short -to medium -term.

Number of schools				
Capacity	2011	2012	2013	2014
0% – 25%	4	5	7	7
25% – 50%	4	6	6	6
50% – 75%	3	6	8	10
75% – 100%	1	5	5	9
Total	12	22	26	32
Growth	–	83%	18%	23%

EBITDA margin (%)				
Capacity	2011	2012	2013	2014
0% – 25%	(29)	(20)	(4)	(9)
25% – 50%	11	12	21	18
50% – 75%	23	27	22	27
75% – 100%	26	35	38	32
Average Total	16	22	25	26
Growth	–	38%	15%	5%

Number of learners				
Capacity	2011	2012	2013	2014
0% – 25%	652	1 316	2 668	1 780
25% – 50%	1 269	3 107	4 017	4 444
50% – 75%	2 461	4 368	6 119	9 096
75% – 100%	1 175	3 682	8 223	13 417
Total	5 557	12 473	21 027	28 737
Growth	–	124%	69%	37%

Average number of learners per school				
Capacity	2011	2012	2013	2014
0% – 25%	163	263	381	254
25% – 50%	317	518	670	741
50% – 75%	820	728	765	910
75% – 100%	1 175	736	1 645	1 491
Average Total	463	567	809	898
Growth	–	22%	43%	11%

EBITDA Schools (R'000)				
Capacity	2011	2012	2013	2014
0% – 25%	(4 846)	(6 234)	(2 653)	(5 018)
25% – 50%	4 305	9 510	24 094	20 219
50% – 75%	17 871	39 438	43 553	92 460
75% – 100%	9 228	36 156	89 994	154 634
Total	26 558	78 870	154 987	262 296
Growth	–	197%	97%	69%

Average EBITDA per school (R'000)				
Capacity	2011	2012	2013	2014
0% – 25%	(1 212)	(1 247)	(379)	(717)
25% – 50%	1 076	1 585	4 016	3 370
50% – 75%	5 957	6 573	5 444	9 246
75% – 100%	9 228	7 231	17 999	17 182
Average Total	2 213	3 585	5 961	8 197
Growth	–	62%	66%	38%

School fee inflation

Historically school fee inflation has been 2.5% above average inflation. School fee inflation is measured annually in March. At March 2014 the average school fee inflation was 8.2%. Curro has, over the years, managed to increase school fees at a rate of just under 10% per annum. Salaries, the biggest component of expenses, have on average increased at between 7% and 8%. It remains Curro's aim to have a 2% margin between salary increases and school fee increases. On average, Curro's school fees provide real value-for-money compared to other independent schools.

Closing

A sincere word of thanks to our customers for your support. To our shareholders and funders, without you this business will not be possible. Our mission remains to reward all our stakeholders for their commitment shown over the years.



Bernardt van der Linde
Chief Financial Officer



Waterstone College acquired 2014

Employees

A key risk for Curro, is to attract and retain quality employees in the independent educational sector. Employing qualified, skilled employees with a desire to educate and a love for children is a Curro pre-requisite.

The number of Curro employees as at 31 January 2015 were 3 678 (2013: 2 811) reflecting an increase of 867 employees (or 31% increase) mainly as a result of the acquisitive and organic growth.

Recruitment and talent management

Curro's core values and stable working environment are key drivers to attract top quality employees. Recruitment is aligned to specific job requirements and competencies.

It is essential for Curro to create a consistent and sustainable stream of applicants, both experienced and newly qualified. Various initiatives to recruit through conventional and progressive means are being followed. During 2013 Curro acquired a Teacher Training College, with the aim of introducing newly-qualified educators to the education sector. Annually, the Teacher Training College also assists Curro in mentoring and supplying top candidates.

Each school is managed as a separate business unit and accordingly the appointment of the Executive Head is of paramount importance for the successful functioning, management and sustainability of the school he/she is appointed to. The Executive Head is responsible and accountable for the day-to-day management of the school for which he/she is appointed. The services of an accredited recruitment company are used to ensure that top quality candidates are selected. Given the importance of the Executive Head appointment, the COO and Regional Head usually forms parts of the interview panel.

Employee relations

The CCEE and HR are responsible for the learning and development of the employees of the schools across the Group. The Executive Heads and senior management remain responsible and accountable for the management of the employees of Curro.

Employee relationship management is effective and is managed in conjunction with the various operational processes in the Company. Communication forums, representing all employees, have been established and are active in each school. HR monitors these forums to ensure the timeous addressing of concerns.

As underscored by Curro's good corporate citizenship principles and also embedded in the organisational values (more detail on this can be found on pages 9 to 10 of this report), discriminatory behaviour with regards to, for example, age, gender, culture, religion, race, background,

sexual orientation and ability is monitored by management and transgressions relating thereto are dealt with by management in accordance with Curro's disciplinary codes and grievance procedures.

A policy also exists on HIV/AIDS and is based on the core principles of non-discrimination and confidentiality. Curro uses the educational environment to educate learners with regards to the disease. The HIV/AIDS risk has been assessed to be relatively low and no cases of death as a result of HIV/AIDS were reported during the year under review.

Union representation in the Group is less than 400 employees (about 13% of total employees) and is covered by collective agreements which are negotiated by the relevant Regional Head, Executive Head and HR with the union/s involved. Unions are limited to specific brands within Curro i.e. Meridian schools and the Teacher Training College. Minimal number of industrial actions occurred during the year under review and therefore little management and HR management time and attention was necessary.

Remuneration

Offering competitive cost to company remuneration packages remains a key challenge when competing with our competitors (independent and public sectors) to recruit and retain employees. Curro has consistently been able to offer employees yearly increases above CPIX. Curro offers certain fringe benefits, for example maternity leave, guaranteed thirteenth cheque and tertiary study benefits as part of its employment proposition. Management regularly assesses and evaluates what improvements to the conditions of employment and work environment could be made to enhance the employee proposition taking the well-being of the Company in the long-term, into account.

The remuneration and incentives of employees are based on a performance management system which ensures that processes are in place for the setting of performance indicators and the measurement of the achievement thereof. Poor performance is also appropriately dealt with by management.

The remuneration incentives for the senior management consist of cash bonuses (short-term incentive) and participation in the Curro Holdings Limited Share Incentive Scheme (long-term incentive). These incentives are not only based on the performance of the individual but also take Curro's financial performance into account.

Employment equity

Curro complies with the requirements of the Employment Equity Act No 55 of 1998 as amended (EE Act). Plans which include targets set for Employment Equity (EE) and the related reports are submitted annually. EE meetings are conducted quarterly as prescribed by the act and involve

all levels in the organisation. Management throughout the organisation understands the requirements in terms of implementing these approved plans. The achievement of each school's EE target forms part of the key performance indicators of the Executive Head. The achievement of the Group's EE targets may be impacted negatively by those independent schools that are acquired from time-to-time as these schools may not necessarily, upon the date of

acquisition, fit the Group's EE profile. Stakeholder participation is encouraged and monitored on an ongoing basis to meet not only the requirements of the relevant legislation, but also the expectation of the various stakeholders.

Curro achieved its 2014 EE target. The following tables provide an overview of Curro's employee profile, and progress from year to year.

Employment statistics as at 31 December 2013

	Race								Total		
	African		Indian		Coloured		White		M	F	Total
	M	F	M	F	M	F	M	F			
Executive	–	–	–	–	–	–	4	–	4	–	4
Senior and middle management	3	–	1	1	1	–	61	75	66	76	142
Total management	3	–	1	1	1	–	65	75	70	76	146
Employee category (%)	2.1	0.0	0.7	0.7	0.7	0.0	44.5	51.4	47.9	52.1	100.0
Total management (%)	0.1	0.0	0.0	0.0	0.0	0.0	2.7	3.1	2.9	3.2	6.1
Skilled technical and academically qualified employees	33	43	6	12	3	18	184	1 014	227	1 087	1 314
Semi-skilled and discretionary decision-making employees	50	166	–	5	2	49	24	252	76	472	548
Unskilled and defined decision-making employees	132	177	3	2	15	12	15	24	164	215	379
Total non-management	215	385	9	19	20	79	223	1 291	467	1 774	2 241
Employee category (%)	9.6	17.2	0.4	0.9	0.9	3.5	10.0	57.6	20.8	79.2	100.0
Total non-management (%)	9.0	16.1	0.4	0.8	0.8	3.3	9.4	54.1	19.6	74.3	93.9
Total employees	218	385	10	20	21	79	288	1 366	537	1 850	2 387
Total employees (%)	9.1	16.1	0.4	0.8	0.9	3.3	12.1	57.2	22.5	77.5	100.0

Employment statistics as at 31 December 2014

	Race								Total		
	African		Indian		Coloured		White		M	F	Total
	M	F	M	F	M	F	M	F			
Executive	–	–	–	1	–	–	4	–	4	1	5
Senior and middle management	3	5	2	5	3	2	75	90	83	102	185
Total management	3	5	2	6	3	2	79	90	87	103	190
Employee category (%)	1.6	2.6	1.1	3.2	1.6	1.1	41.6	47.4	45.8	54.2	100.0
Total management (%)	0.1	0.2	0.1	0.2	0.1	0.1	2.5	2.9	2.8	3.3	6.1
Skilled technical and academically qualified employees	71	160	5	31	10	23	257	1 166	343	1 380	1 723
Semi-skilled and discretionary decision-making employees	75	163	1	7	4	83	31	430	111	683	794
Unskilled and defined decision-making employees	154	213	1	1	12	32	5	3	172	249	421
Total non-management	300	536	7	39	26	138	293	1 599	626	2 312	2 938
Employee category (%)	10.2	18.2	0.2	1.3	0.9	4.7	10.0	54.4	21.3	78.7	100.0
Total non-management (%)	9.6	17.1	0.2	1.2	0.8	4.4	9.4	51.1	20.0	73.9	93.9
Total employees	303	541	9	45	29	140	372	1 689	713	2 415	3 128
Total employees (%)	9.7	17.3	0.3	1.4	0.9	4.5	11.9	54.0	22.8	77.2	100.0

Employees (continued)

Skills training and development

Curro applies 21st century teaching and learning techniques in the classrooms. Employees are continuously coached and trained in these techniques. The CCEE is responsible for training the employees. Training of new techniques is performed with the educator in the classroom, being in-service training. Various workshops and seminars were presented by subject specialists to the educators throughout the year. An annual curriculum conference is usually held in July where relevant topics are addressed.

New requirements stipulate that all professional employees will be required to obtain a minimum number of points for attending and undergoing continuous professional development. The CCEE in conjunction with our Teacher Training College are in the process of developing various courses and good progress has been made to have these courses registered with the relevant professional educational bodies. These courses are relevant and practical and assist Curro employees to continuously develop their skills. Development programmes exist for employees from historically disadvantaged backgrounds.

Leadership development has been identified as one of Curro's priorities. Interventions to support this element takes place bi-annually at the Executive Heads conference. The Board evaluates the leadership and organisational employee organograms annually to ensure leadership strength and capacity. Recommendations are made for any enhancements, which takes succession planning into account.

Approximately 1% of Curro's annual revenue is set aside for training and development (2014: R10 million). In 2014 various courses in each education phase (i.e. foundation, intermediate, senior and FET) were attended by 4 668 employees (i.e. on average two courses per educator). Courses that were offered included, among others: mathematics, science, literacy, Robotics, 21st century learning and teaching and tablet training.

Succession planning

A succession plan for executive leadership exists. A succession management programme was put in place and is used to accelerate the development of the managers within the Curro Group.

Educators in scarce skill subjects (i.e. mathematics, science and English) remain a strategic risk and management has implemented action plans which include targeting university students that will mitigate this risk.

Health and safety

Curro is compliant with the Occupational Health and Safety Act No 85 of 1993 as amended (Ohasa). Various health and safety audits are performed by an external health and safety officer. Audits are conducted annually to assess, evaluate and ensure that each school is compliant with Ohasa as well as Curro's internal health and safety policies. A management role, Operations Manager: Compliance and Quality Assurance was created in 2014 to increase and improve the monitoring of adherence to inter alia Curro's health and safety requirements set at schools and ensuring action plans are in place to mitigate health and safety risks. The external health and safety officer assists Curro in the training and development of employees with regards to Ohasa.

Health and Safety will remain a focus area within Curro and we are proud to report that no serious incidents occurred during the year under review.

Corporate social investment

Each school is committed to promoting sustainable development in its community. Each school has an upliftment project/s relevant to the community that the school is located in and also forms part of education for our learners to be good corporate citizens in the need to address the inequalities of the past. These projects typically involve the learners, parents, employees and where relevant any companies that sponsor projects. Curro financially contributes to a number of these social upliftment projects.

Value distributed to social responsibility during the year under review was R44 million (2013: R33.6 million). Refer to page 7 of this report for more detail on value distribution.

Environment

Although the impact of our operations on the environment is relatively low, we continuously focus to minimise the negative effect on the environment.

New energy saving techniques are implemented when constructing a new school. At older schools energy savings are introduced in the form of motion sensors and energy-efficient lights. In 2009 Curro decided to use terminals in our computer laboratories and not PC's or laptops. This contributed to a material reduction in power consumption.

A management role, Operations Manager: Compliance and Quality Assurance was created in 2014 to increase and improve the monitoring of adherence to inter alia Curro's environmental requirements set at schools.

Our learners are continuously receiving education in environmental issues to ensure they become responsible citizens.



Creating leaders of tomorrow.

Corporate governance



A mind that is stretched by a new experience can never go back to its old dimensions.

Curro and its Board are committed to practising corporate governance standards in all areas of the business. In doing so, Curro believes that sustainable shareholder value is created. The practices and policies in adhering to these standards are based on, *inter alia*, the Companies Act, the JSE Listings Requirements, the King Report on Governance for South Africa and the King code of Governance Principles (King III).

The Company has complied, as far as practical and in all material respects, with the principles contained in King III since date of listing. The Board does not consider that the application of all the principles contained within King III are appropriate for Curro. Where specific principles of King III have not been applied, explanations for these are contained within this section of the integrated annual report (IAR). The Curro register on the application of the principles of King III is available at www.curro.co.za.

Board of Directors

The Board is key to Curro's corporate governance system and is ultimately accountable and responsible for the governance performance and affairs of the Group. The Board has and retains effective control of the Company. The Board monitors and ensures that Curro operates ethically and conforms to the standards of corporate governance set for Curro. It also ensures that the internal controls, both operational and financial, are adequate and that the financial accounts, through effective internal controls, accurately and objectively reflect the Group's business.

The Board has an approved charter (based on its memorandum of incorporation) and fulfilled it during the year under review. The primary responsibilities of the Board are to:

- Approve Curro's strategy and monitor performance against achievement thereof.
- Review and approve financial reports, budgets and business plans.
- Approve annual and interim financial reports.
- Review risk management strategies and ensure internal controls and compliance policies are in place.
- Advise on corporate finance in conjunction with the Company's sponsor.
- Advise on stakeholder communication and governance issues.
- Make material investment, disinvestment and re-financing or re-structuring decisions.
- Make recommendations to shareholders on non-executive directors' remuneration.
- Review and approve amendments to the Share Incentive Scheme with the recommendation of the Remuneration Committee.
- Appoint new directors (executive and non-executive) and ensure appropriate orientation and induction of new directors.
- Define clear areas of responsibility at Board and Board Committee level to ensure appropriately limited individual decision-making ability.
- Determine and approve amendments to the Group's treasury policy.

Board appointments

Appointments to the Board are made in terms of clear policy by which recommendations are made by fellow Board members with the input of other significant stakeholders, on the basis of the needs of the Company and the set of skills/experience that such appointee can bring to the table. The Board takes cognisance of these factors before making any such appointment. The Board decided not to appoint a Nominations Committee as the entire Board takes responsibility for the appointment of directors and if so required, the Board appoints an *ad hoc* Committee to screen the curriculum vitae of prospective candidates when a vacancy arises. All new appointments to the Board are therefore made in terms of a formal and transparent process, and are considered to be a matter for the Board as a whole.

In terms of Curro's Memorandum of Incorporation (MOI) all newly appointed directors should retire and offer themselves for re-election by shareholders at the first annual general meeting (AGM) of the Company following their appointment. Curro's MOI also requires that one third of the non-executive directors of Curro, as well as non-executive directors having served three years, retire by rotation and offer themselves for re-election by shareholders at the AGM. The executive directors are employed in terms of formal employment agreements.

Board composition

Curro has a fully functional Board, comprising of executive and non-executive directors, which leads and controls the Company. The composition of the Board comprises four executive and five non-executive directors, the majority of the non-executive directors being independent. There were no changes to the Board during the year. The composition of the Board ensures that no individual has unfettered powers of decision-making and authority, and as a result there is a clear division of responsibilities at Board and Board Committee level to ensure a balance of power and authority. The Board is chaired by Santie Botha, an independent non-executive director. The Chairperson of the Board is responsible, *inter alia*, for ensuring the integrity and effectiveness of the Board's governance processes. As Santie Botha is an independent non-executive Chairperson no need exists for a lead independent non-executive director.

The four executive directors consist of the CEO, CFO, COO and CIO. Abbreviated curriculum vitae of the directors are contained on page 24 of the report.



Curro equips learners to become responsible citizens.

Corporate governance (continued)

Delegation of powers

The Board appointed an Audit and Risk Committee, Remuneration Committee and Social and Ethics Committee to assist with its performance of duties. The mandates of these Committees are defined in their charters and details on these Committees are set out on pages 42 to 43 of this report.

The Board's governance and management functions are linked through the CEO, Dr Chris van der Merwe, who is tasked with the running of the business and the implementation of the policies and strategies adopted by the Board. The Board has also empowered the Curro executive directors and management to perform the required functions necessary for implementing the strategic direction set by the Board as well as for the effective day-to-day running of the Company, with due regard to fiduciary responsibility on the one hand and operational efficiency on the other, while simultaneously still retaining effective control of the Company.

The Board meets quarterly and in addition thereto holds an annual strategic session. Refer to the attached Annexure A for the number of Board meetings held and detail of attendance thereat.

In 2014 the Board adopted a process for Board and Committee evaluations for 2015 onwards, whereby the Chairperson and CEO of the Board will evaluate the performance of the Board, the Board Committees and the individual directors.

Board Committees

Annexure A on page 45 of this report details the number of meetings held by the Board Committees and the attendance thereat.

Audit and Risk Committee

The Audit and Risk Committee is combined. This Committee fulfilled its role in accordance with its charter for the year ended 31 December 2014. The primary responsibilities of the Audit and Risk Committee are to:

- Set the principles for the annual appointment and evaluation of the external auditors, the audit plan and audit fees.
- Approve any use of the external auditors for non-audit services and approve the fees relating thereto.
- Annually consider and satisfy itself as to the appropriateness of the expertise and the experience of the CFO of Curro.
- Consider the audited financial results and statements and interim financial results for recommendation to the Board.
- Review the process and system of risk management and ensure that regular risk management assessments are performed by management.

- Oversee the internal control environment.
- Consider and approve the risk-based internal audit plan and internal audit fees, to review progress to achieve the plan and to review the results of internal audits and follow-up audits (if so requested by the Audit and Risk Committee). The internal auditors include within their internal audit assessments a written statement on the effectiveness of the internal controls.
- Assist the Board with the information technology governance of the Group given that information technology is an important business component of the Group.

No material breakdown or significant breach in internal financial controls occurred during the year and the Audit and Risk Committee is satisfied with the said environment. There were no extraordinary risks taken or any material losses suffered as a result of the occurrence of a risk that could have been managed.

Also refer to the report from the Audit and Risk Committee on pages 50 to 51 of this report.

The Audit and Risk Committee comprises only of independent, non-executive directors, being Barend Petersen (Chairman), KK Combi and Dr Sibongile Muthwa. There were no changes to the composition of the Committee during the year.

Remuneration Committee

The Remuneration Committee is primarily responsible for reviewing and approving executive directors' remuneration and dealing with all matters relating to the Curro Holdings Ltd Share Incentive Trust (Curro's employee share scheme) on the Board's behalf. The Remuneration Committee fulfilled its role in accordance with its charter for the year ended 31 December 2014.

The primary responsibilities of this committee are to:

- Review the executive directors' performance metrics annually and approve any changes thereto.
- Review performance against the approved metrics and approve any changes to the remuneration of the executive directors.
- Review the performance of the Executive Committee members who are not directors and that of the Company Secretary and approve changes to their remuneration.
- Review the non-executive directors' fees and make recommendations to the Board for recommendation to shareholders annually, at the AGM.
- Approve the awards of share options in terms of Curro's employee share scheme.
- Approve Curro's employee share scheme model and any amendments thereto.

- Review and make recommendations to the Board on changes to the trust deed of Curro's employee share scheme.
- Review the organisational employee organogram and make recommendations to management on any changes thereto.
- Consider annually that the total bonus is commensurate to the performance and achievement of strategic objectives of Curro.
- Monitor that appropriate succession planning is in place at Executive level.

The Remuneration Committee consists of non-executive directors, the majority being independent. The Committee members are Piet Mouton (Chairman), Santie Botha and KK Combi. The CEO is an invitee at its meetings and both the CEO and Company Secretary are asked to be recused when their performance reviews are done. The Remuneration Committee meets at least once a year.

Social and Ethics Committee

The Social and Ethics Committee is primarily responsible for, as contained in its Board approved charter, the monitoring of Curro's good corporate citizenship. Ethical practices are of paramount importance to Curro and educators of Curro are expected to abide to Curro's practices and guidelines as set out in the policies and procedures of the schools and which includes, but is not limited to, guidance on classroom practices and conduct, curriculum management, professional conduct, the giving and receiving of gifts, the non-condoning of acceptance of bribes, compliance with laws and legislation and how to report on misconduct or non-compliance issues.

The primary responsibilities of this Committee are to:

- Monitor Curro's performance in the context of social and economic impact legislative requirements for example the Broad-Based Black Economic Empowerment Act.
- Monitor consumer relationships.
- Review the Curro code of ethics as and when required.
- Monitor compliance with legislative impact requirements as it pertains to the environment, health, public safety, labour and ethical practices.

The Social and Ethics Committee comprises three directors, one of which is a non-executive director, being Piet Mouton (Chairman), Bernardt van der Linde and Dr Chris van der Merwe.

Executive Committee

The Executive Committee is a key executive decision-making body of Curro. The Executive Committee is primarily responsible for general executive control and management of the activities and business of Curro and its subsidiaries and assists the CEO to implement the strategy set by the Board. In so doing, the Executive Committee monitors business success and the operational, financial and educational performance of the Group (including its subsidiaries and associated companies). The Executive Committee considers for recommendation to the Board, which investments in schools and land are to be made. The Executive Committee reviews budgets, business plans and strategy for recommendation to the Board. The Executive Committee considers material and high risks affecting the business performance and sustainability and ensures that appropriate action is taken to address these. Refer to pages 24 and 27 of this report for abbreviated curriculum vitae of the executive directors and management of Curro.

Communications

The Company believes in clear, transparent, concise and timely dissemination of relevant information to all stakeholders. The Board strives to provide its stakeholders, government, regulatory bodies, industry analysts, prospective investors and the media with relevant and accurate information. The regulatory requirements regarding this dissemination of information are observed. In addition thereto reputational risks relating to published information regarding the business is managed and continuously improved to ensure that the image and brand of Curro is protected.

Management of risks

The Board, being responsible for the risk management of Curro, has delegated the oversight role thereof to the Audit and Risk Committee. The main potential risks are safety of learners and employees, the timeous completion of the first phase of a school, brand reputation management, the management of debt-gearing due to high capital investments as well as the academic quality of the Group. For these risks as well as other identified risks, the Board is satisfied that it is appropriately monitored and mitigated. The Board is of the view that the risk management system, together with the internal control environment, is effective and commensurate with the size of the Company. Refer to the risk register on pages 18 to 19 of this report for more detail relating to risks and responses.

Corporate governance (continued)

To strengthen the monitoring and management of compliance with laws and legislation, a Compliance Manager (for compliance at school level) and a Quantity Surveyor (for the construction portion of the business) was appointed during the year. There were no major non-compliance incidents resulting in fines or prosecution during the year ended 31 December 2014.

Adherence to principles contained within King III:

The areas where the principles of King III are not applied, are detailed below. The relevance thereof is annually re-assessed.

The induction of and ongoing training and development of directors should be conducted through formal processes.	The nature of the business does not warrant a formal induction process yet. New directors will have unlimited access to the Company's resources in order to familiarise themselves with all matters related to the Company.
Sustainability reporting and disclosure should be integrated with the Company's financial reporting.	Due to the nature of the business (i.e. education on annuity basis and inherent soft impact on the environment), Curro does not publish a separate sustainability report for the time being.
Sustainability reporting and disclosure should be independently assured.	Due to the nature of the business (i.e. education on annuity basis and inherent soft impact on the environment), Curro does not publish a separate sustainability report for the time being.

Dealing in securities

A formal policy to manage and monitor dealings in securities of Curro by directors and specific employees (as identified by the CEO) to ensure adherence to the JSE Listings Requirements exists and is administered by the Company Secretary.

The Chairperson of the Board and either the CEO or CFO are mandated to authorise clearance to directors to trade in Curro securities. Either the CEO or the CFO is mandated to authorise clearance to employees so identified, to trade in Curro securities. No trading is allowed during closed periods as contemplated in the JSE Listings Requirements or when information exists that may materially affect the share price, which information has not been disclosed to the public.

Company Secretary

Ronell van Rensburg, Curro's Company Secretary, plays an essential role in the continuing effectiveness of the Board and ensures that the Board has access to the information they require for decision-making. The Board is satisfied with the competence, qualification and experience of the Company Secretary. Refer to page 27 of this report for an abbreviated curriculum vitae of the Company Secretary. The Company Secretary is primarily responsible for the administration of the Board, Curro and Curro's shareholders

in accordance with applicable legislation and procedures. The Company Secretary is also responsible to inform the Board of any failure to comply with Curro's MOI, the Companies Act and other related corporate governance policies of Curro. Board members have unlimited access to the Company Secretary. The Board members also have access to legal and other expertise, when required, and at the cost of the Company, through the Company Secretary. The Company Secretary is responsible for liaison with the Companies and Intellectual Property Commission and the JSE. The Company Secretary is not a director nor related to any of the directors, and the Board is satisfied that an arm's length relationship between the Board and Company Secretary exists. The Company Secretary has to date maintained a professional relationship with the directors, giving direction on good governance and independent advice as and when required.

During 2014, the process to review policies (including the delegation of authority levels) of the Group commenced and will continue in 2015 with a focus to enhance operational business efficiencies.

The certificate that the Company Secretary is required to issue in terms of section 88(2)(e) of the Companies Act is on page 48 of this report.

Annexure A:

Board and Board Committees for the year ended 31 December 2014: number of meetings and attendance thereat:

Name of director	Board: Quarterly plus a strategic session	Audit and Risk Committee: Bi-Annually	Remuneration Committee: Annually	Social and Ethics Committee Annually
Santie Botha* (appointed on 09/07/2012)	5/5(C)	2/2 (I)	1/1 (M)	n/a
KK Combi* (appointed on 17/08/2012)	5/5	2/2 (M)	1/1 (M)	n/a
Andries Greyling (appointed on 01/02/2007)	5/5	2/2 (I)	n/a	n/a
Hennie Louw (appointed on 27/02/2012)	5/5	2/2 (I)	n/a	n/a
Piet Mouton (appointed on 01/07/2009)	5/5	2/2 (I)	1/1 (C)	1/1 (C)
Dr Sibongile Muthwa (appointed on 01/05/2013)	5/5	2/2 (M)	n/a	n/a
Barend Petersen (appointed on 15/04/2011)	4/5	2/2 (C)	n/a	n/a
Bernardt van der Linde (appointed on 01/07/2009)	5/5	2/2 (I)	n/a	1/1 (M)
Dr Chris van der Merwe (appointed on 23/06/1999)	5/5	2/2 (I)	1/1 (I)	1/1 (M)

(M) = Committee member (I) = Invitee (C) = Chairman/Chairperson

n/a = not a member of the Committee nor invited

*retirement by rotation: up for re-election refer to the AGM notice (only relevant to non-executive directors). Refer to page 24 of this report for the abbreviated curriculum vitae.



The word Curro is Latin, meaning "I Run" and can be interpreted as follows: I learnt at my own learning pace and according to my own aptitude, attitude and talents.

Contents

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

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Directors' responsibilities and approval, preparation of annual financial statements and certificate by secretary

The directors are required in terms of the Companies Act No 71 of 2008, as amended (the Companies Act), to maintain adequate accounting records and are responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is their responsibility to ensure that the audited annual financial statements presents the state of the Group (Curro Holdings Ltd and its subsidiaries) fairly as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS) and the Companies Act. The external auditor is engaged to express an independent opinion on the audited annual financial statements.

The audited annual financial statements are prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Ltd (JSE) and the Companies Act. The report has been prepared using policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

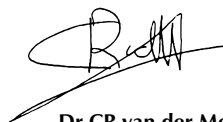
The directors have reviewed the consolidated and separate cash flow forecast for the year to 31 December 2015 and, in the light of this review and the current financial position, are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the Group's external auditor and their report is presented on page 49.

The consolidated and separate annual financial statements set out on pages 50 to 119, which have been prepared on the going concern basis, were approved by the Board of Directors on 25 March 2015 and were signed on its behalf by:



SL Botha
Chairperson of the Board



Dr CR van der Merwe
Chief Executive Officer

Directors' responsibilities and approval, preparation of annual financial statements and certificate by secretary (continued)

Preparation of financial statements

The consolidated and separate annual financial statements of Curro Holdings Ltd for the year ended 31 December 2014 have been prepared internally and supervised by the Chief Financial Officer, B van der Linde CA(SA), CFA.

Company Secretary's certificate

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, as amended, I certify to the best of my knowledge that the Company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



R van Rensburg

Company Secretary

Durbanville

25 March 2015

Independent auditor's report

To the shareholders of Curro Holdings Ltd

We have audited the consolidated and separate annual financial statements of Curro Holdings Ltd, as set out on pages 56 to 119, which comprise the statements of financial position as at 31 December 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 financial statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate annual financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies Act No 71 of 2008, as amended, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate audited annual 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 consolidated and separate annual 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 annual 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 consolidated and separate annual financial statements.

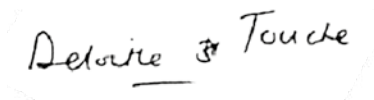
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Curro Holdings Ltd as at 31 December 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 the Companies Act

As part of our audit of the consolidated and separate annual financial statements for the year ended 31 December 2014, we have read the Directors' Report, the Audit and Risk 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 annual 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 annual financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



Deloitte & Touche

Registered Auditors

Per: MA van Wyk

Partner

25 March 2015

Audit and Risk Committee report

This report is provided by the Audit and Risk Committee (the Committee) appointed in respect of the 2014 financial year of Curro Holdings Ltd and its subsidiaries.

1. Membership

The members of the Committee consist solely of independent non-executive directors.

The members are B Petersen (Chairman), ZL Combi and Dr SWF Muthwa. The Company Secretary is the secretary of the Committee.

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 No 71 of 2008, as amended, and Regulation 42 of the Companies Regulation, 2011.

2. Purpose

The purpose of the Committee is to:

- Ensure the integrity of Curro's integrated reporting.
- Review the effectiveness of Curro's financial reporting process.
- Review the effectiveness of Curro's assurance process.
- Review the effectiveness of Curro's process for monitoring compliance with laws and regulations.
- Assist the Board in carrying out its risk responsibilities including the review of the effectiveness of the management thereof. Management remains responsible for the design, implementation and monitoring of the risk management plan.
- Assist the Board with its information technology (IT) governance responsibilities. Management remains responsible for the implementation of an IT governance framework.
- The Committee, even though appointed by shareholders, reports to the Curro Board. If differences of opinion arise between the Committee and the Board of Directors, where the Committee's statutory functions are concerned, the Committee's decision will prevail.

3. Meetings

The Committee performs the duties laid upon it by section 94(7) of the Companies Act No 71 of 2008, as amended, by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor.

The Committee held two scheduled meetings during 2014, which meetings were attended by all members of the Committee.

4. External auditor

The Committee has nominated Deloitte & Touche as the independent auditors and MA van Wyk as the designated partner, who is a registered independent auditor, for appointment of the 2014 audit.

The Committee satisfied itself through enquiry that the external auditor is independent as defined by the Companies Act No 71 of 2008, as amended, and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act No 71 of 2008, as amended, that internal governance processes within the firm support and demonstrate the claim to independence.

The 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.

The Committee has considered and pre-approved all non-audit services provided by the external auditor and the fees relative thereto so as to ensure that the independence of the external auditor is maintained.

5. Audited annual financial statements

Following the review of the audited annual financial statements, the Committee recommend Board approval thereof.

6. Accounting practices and internal control

Internal controls and systems have been designed to provide reasonable assurance as to the integrity and reliability of the financial information presented in the financial statements and to safeguard, verify and maintain the assets of the Group and Company.

Nothing has come to the attention of the Committee to indicate that any material breakdown in the functioning of the Group and Company's key internal control systems has occurred during the year under review.

The Committee considers the accounting policies, practices and financial statements to be appropriate.

7. Evaluation of the Chief Financial Officer

As required, by the JSE Listings Requirements 3.84(h), the Committee has assessed and is satisfied with the expertise and experience of the Group Chief Financial Officer.

8. Complaints and/or concerns

No complaints or concerns were received by the Committee on any matters relating to the accounting practices and internal audit of the Company, the content or auditing of the Company's consolidated financial statements, the internal financial controls of the Company or on any other related matter during the year under review.

On behalf of the Committee



B Petersen

Chairman of the Audit and Risk Committee

Durbanville

25 March 2015

Directors' report

The Directors have pleasure in submitting their report on the audited annual financial statements of Curro Holdings Ltd and its subsidiaries for the year ended 31 December 2014.

1. Incorporation

The Company was incorporated on 30 December 1998 and obtained its certificate to commence business on the same day.

2. Nature of business

Overview

Curro Holdings Ltd ("Curro") business model revolves around the development, acquisition and management of independent schools throughout South Africa and is a market leader in its field. The model caters for learners from the age of three months to Grade 12 as well as teacher training.

Curro listed on the AltX during 2011 and transferred to the Main Board of the JSE during 2012. On listing, the Company had 5 557 learners in 12 schools. To date the Group has grown to 42 schools accommodating 36 021 learners, which includes the Teacher Training College accommodating approximately 800 students. Curro has achieved its pre-listing objective of at least 40 schools, five years ahead of its original target of 2020.

Curro serves clients in models incorporating Curro schools, Curro Academy schools, Meridian schools, Select schools and Curro Castles. These schools are augmented by the Embury Institute for Teacher Education (Pty) Ltd (Teacher Training College) that also offers short course training to educators in the public and private sectors.

Financial results

Revenue increased by 52% from R659 million to R1 billion. As a result of operational gearing, EBITDA increased by 68% from R114 million to R191 million. The EBITDA margin increased from 17% to 19%. The cash generating ability of the business was proven by the increase in net cash generated from operating activities, which increased by 133% from R106 million to R247 million.

Net interest expense has increased by 150% from R22 million to R55 million.

Headline earnings increased by 51% from R37 million to R56 million. Headline earnings per share increased by 38% from 12.8 cents to 17.7 cents.

Investment and expansion

During the 2014 year, the Group invested approximately R1.3 billion on the following projects:

- Four new Curro schools built at Brackenfell (Western Cape Province), Secunda (Mpumalanga Province), Monaghan Farm (Lanseria, Gauteng Province) and Kathu (Northern Cape Province);
- Two new Meridian schools built at Cosmo City (Roodepoort, Gauteng Province) and Newcastle (KwaZulu-Natal Province);
- Two new Curro Academy schools built at Mahikeng (North West Province) and Soshanguve (Pretoria North, Gauteng Province);
- Acquired Waterstone College (Johannesburg South, Gauteng Province), effective 1 June 2014, for a purchase consideration of R130 million with R58 million goodwill recognised and acquired Granteigh (KwaZulu-Natal Province), effective 1 January 2014, for a purchase consideration of R30 million with no goodwill recognised;
- Completed the land banking of seven sites to a value of approximately R100 million; and
- Invested approximately R650 million on improvements and expansion at existing campuses.

In 2015 Curro plans to:

- Invest approximately R600 million on the expansion of existing campuses;
- Develop three new Curro schools at Waterfall (Johannesburg, Gauteng Province), Sitari (Somerset West, Western Cape Province) and Hillcrest (Durban, KwaZulu-Natal Province);
- Develop a new site for the Meridian Pretoria school (Gauteng Province) and expanded the Cosmo City (Roodepoort, Gauteng Province) school;
- Develop three new Curro Castles in the Johannesburg area;
- Invest R250 million in land banking of various key sites; and
- Investigate potential acquisitions.

Statement of financial position and funding

During 2014 Curro raised R500 million in long-term funding, drew down on R210 million on facilities at Meridian and raised equity of R600 million through a rights offer.

3. Authorised and issued share capital

Effective 23 June 2014, 29.5 million shares were issued by way of an underwritten renounceable rights offer at a subscription of R20.00 per rights offer share, in the ratio of one rights offer share for every 10 Curro ordinary shares. On 9 October 2014, 1.3 million shares were issued to employees through the Curro Share Incentive Scheme. Share issue costs of R8 million were set-off against the raised capital.

Refer to note 16 of the consolidated and separate audited annual financial statements for detail of the movement in authorised and issued share capital.

4. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act. As this general authority remains valid only until the next AGM, the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 10% of the Company's issued share capital, under the control of the Directors until the next AGM.

5. Dividends

No dividends were declared or paid to shareholders during the year.

6. Directorate

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

Directors	Office	Designation
SL Botha	Chairperson of the Board	Non-executive independent
ZL Combi		Non-executive independent
AJF Greyling	Chief Operating Officer	Executive
HG Louw	Chief Investment Officer	Executive
PJ Mouton		Non-executive
Dr SWF Muthwa		Non-executive independent
B Petersen		Non-executive independent
B van der Linde	Chief Financial Officer	Executive
Dr CR van der Merwe	Chief Executive Officer	Executive

There have been no changes to the Board of Directors for the year under review.

Directors' report

7. Shareholding of directors

The shareholding of directors, excluding the participation in the Share Incentive Scheme, in the issued share capital of the Company as at 31 December 2014 was as follows:

Director	2014				2013	
	Direct	Indirect	Number	%	Number	%
SL Botha	200 000	–	200 000	0.06	100 000	0.03
AJF Greyling	–	810 001	810 001	0.25	810 001	0.27
HG Louw	147 822	–	147 822	0.05	–	–
PJ Mouton	–	1 743 423	1 743 423	0.54	1 584 929	0.54
B van der Linde	124 524	126 153	250 677	0.08	107 749	0.04
Dr CR van der Merwe	–	4 501 677	4 501 677	1.38	4 300 250	1.46
	472 346	7 181 254	7 653 600	2.36	6 902 929	2.34

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

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

8. Interests in subsidiaries, associates and joint arrangements

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the consolidated and separate audited annual financial statements in notes 7 and 8.

The interest of the Group in the profits of its associate for the year ended 31 December 2014 are as follows:

Associates	2014 R'000	2013 R'000
Total share of equity accounted profits	1 149	1 000
	1 149	1 000

The Company acquired 100% interest in Waterstone College (Pty) Ltd during the current year for a consideration of R130 million. Waterstone College (Pty) Ltd operates in the education services industry. Refer to note 33 of the consolidated and separate audited annual financial statements.

9. Holding company

The Group and Company's holding company is PSG Financial Services Ltd, which holds 57.1% (2013: 57.1%) of the Group's equity. PSG Financial Services Ltd is incorporated in South Africa.

10. Ultimate holding company

The Group and Company's ultimate holding company is PSG Group Ltd which is incorporated in South Africa.

11. Special resolutions

No special resolutions, the nature of which might be significant to the shareholders in their appreciation of the state of affairs of the Group were made by the Company or any of its subsidiaries during the period covered by this report.

12. Events after the reporting period

Subsequent to year-end, the following transactions took place:

- Effective 1 January 2015, Curro acquired the business operations and properties of St Dominic's Academy for a purchase consideration of approximately R10 million.
- On 17 February 2015 the Company announced that it intends to raise R740 million by way of an underwritten renounceable rights offer of 29.6 million new Curro ordinary shares to qualifying shareholders at a subscription price of R25.00 per rights offer share, in the ratio of one rights offer share for every 11 Curro ordinary shares held on the rights offer record date, being 17 April 2015.

There are no other significant events that have occurred since 31 December 2014 that require disclosure in the annual financial statements. The events above do not affect the current financial period.

13. Going concern

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

14. Auditors

Deloitte & Touche will continue in office in accordance with section 90 of the Companies Act No 71 of 2008.

15. Secretary

The Company Secretary is R van Rensburg.

Postal address	Business address
PO Box 2436	38 Oxford Street
Durbanville	Durbanville
Cape Town	Cape Town
South Africa	South Africa
7551	7550

16. Sponsor

PSG Capital acts as sponsor for the Group and Company, providing advice on the interpretation and compliance with the Listings Requirements of the JSE and reviewing notices required in terms of the Company's memorandum of incorporation and the JSE's rules and regulations.

17. Corporate governance

The Directors subscribe to the principles incorporated in the King Code of Corporate Practices and Conduct as set out in King III and have applied as far as practical with principles contained therein throughout the reporting period. The Directors recognise the need to conduct the enterprise with integrity and in accordance with generally accepted corporate practices. The Board of Directors have performed a detailed exercise to assess the Company's compliance with King III and the members are satisfied that sufficient compliance occurs while having instituted steps to ensure a constant monitoring of improvement where realistically possible.

18. Report of the Audit and Risk Committee

The report of the Audit and Risk Committee, as required in terms of section 94(7)(f) of the Companies Act of South Africa of 2008, is set out on pages 50 to 51 of the consolidated and separate annual financial statements.

Statements of financial position | as at 31 December 2014

	Note(s)	Group		Company	
		2014 R'000	2013 R'000	2014 R'000	2013 R'000
Assets					
Non-current assets					
Property, plant and equipment	4	3 338 185	2 131 811	2 522 947	1 586 259
Goodwill	5	337 883	271 748	52 094	46 111
Intangible assets	6	121 320	97 607	41 807	29 114
Investments in and loans to subsidiaries and associates	7, 8, 9	8 624	12 680	428 893	281 829
Other financial assets	10	7 414	2 328	–	–
		3 813 426	2 516 174	3 045 741	1 943 313
Current assets					
Inventories	13	17 458	6 817	10 300	–
Loans to group companies	9	6 007	–	82 673	133 546
Current tax receivable		2 805	1 592	1 266	1 435
Trade and other receivables	14	38 016	30 231	40 113	21 360
Cash and cash equivalents	15	195 305	78 933	157 406	53 192
		259 591	117 573	291 758	209 533
Total assets		4 073 017	2 633 747	3 337 499	2 152 846
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital	16	2 092 124	1 500 671	2 092 124	1 500 671
Reserves		8 735	7 310	8 735	7 310
Retained income		110 713	52 218	64 683	9 627
		2 211 572	1 560 199	2 165 542	1 517 608
Non-controlling interest		(1 038)	3 179	–	–
		2 210 534	1 563 378	2 165 542	1 517 608
Liabilities					
Non-current liabilities					
Loans and other financial liabilities	19	1 395 404	755 145	849 638	421 257
Deferred tax	12	165 625	119 281	73 362	39 792
		1 561 029	874 426	923 000	461 049
Current liabilities					
Loans from group companies	9	–	–	6 668	448
Loans and other financial liabilities	19	26 299	69 885	26 299	70 017
Current tax payable		1 576	1 173	–	658
Trade and other payables	21	273 579	124 885	215 990	103 066
		301 454	195 943	248 957	174 189
Total liabilities		1 862 483	1 070 369	1 171 957	635 238
Total equity and liabilities		4 073 017	2 633 747	3 337 499	2 152 846

Statements of comprehensive income | for the year ended 31 December 2014

	Note(s)	Group		Company	
		2014 R'000	2013 R'000	2014 R'000	2013 R'000
Revenue	22	1 000 701	659 128	760 938	464 760
Operating expenses		(809 359)	(545 460)	(624 447)	(499 078)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		191 342	113 668	136 491	(34 318)
Depreciation and amortisation		(58 313)	(36 966)	(44 801)	(28 695)
Earnings before interest and taxation (EBIT)	23	133 029	76 702	91 690	(63 013)
Investment revenue	24	11 906	3 802	12 978	98 228
Impairment		(811)	–	(811)	–
Share of profits of associates		1 149	1 000	–	–
Finance costs	25	(66 827)	(26 199)	(28 805)	(12 107)
Profit before taxation		78 446	55 305	75 052	23 108
Taxation	26	(27 688)	(15 584)	(23 516)	(5 533)
Profit for the year		50 758	39 721	51 536	17 575
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Net fair value loss on cash flow hedges	28	(2 751)	(489)	(2 751)	(489)
Total comprehensive income for the year		48 007	39 232	48 785	17 086
Profit (loss) attributable to:					
Owners of the parent		54 975	37 049	51 536	17 575
Non-controlling interest		(4 217)	2 672	–	–
		50 758	39 721	51 536	17 575
Total comprehensive income (loss) attributable to:					
Owners of the parent		52 224	36 560	48 785	17 086
Non-controlling interest		(4 217)	2 672	–	–
		48 007	39 232	48 785	17 086
Earnings per share (cents)					
Basic	29	17.5	12.9		
Diluted	29	17.2	12.8		
Headline earnings per share (cents)					
Basic	29	17.7	12.8		
Diluted	29	17.4	12.7		

Statements of changes in equity

	Share capital R'000	Hedging reserve R '000	Share-based payments reserve R'000	Total reserves R'000	Retained income R '000	Total attributable to equity holders of the Group R'000	Non-controlling interest R '000	Total equity R'000
Group								
Balance at 31 December 2012	843 710	–	4 065	4 065	13 436	861 211	507	861 718
Profit for the year	–	–	–	–	37 049	37 049	2 672	39 721
Other comprehensive income	–	(489)	–	(489)	–	(489)	–	(489)
Total comprehensive income for the year	–	(489)	–	(489)	37 049	36 560	2 672	39 232
Issue of shares	666 405	–	–	–	–	666 405	–	666 405
Share issue costs	(9 444)	–	–	–	–	(9 444)	–	(9 444)
Recognition of share-based payments	–	–	5 467	5 467	–	5 467	–	5 467
Exercise of share options	–	–	(1 733)	(1 733)	1 733	–	–	–
Total contributions by and distributions to owners of company recognised directly in equity	656 961	–	3 734	3 734	1 733	662 428	–	662 428
Balance at 31 December 2013	1 500 671	(489)	7 799	7 310	52 218	1 560 199	3 179	1 563 378
Profit for the year	–	–	–	–	54 975	54 975	(4 217)	50 758
Other comprehensive income	–	(2 751)	–	(2 751)	–	(2 751)	–	(2 751)
Total comprehensive income for the year	–	(2 751)	–	(2 751)	54 975	52 224	(4 217)	48 007
Issue of shares	599 494	–	–	–	–	599 494	–	599 494
Share issue costs	(8 041)	–	–	–	–	(8 041)	–	(8 041)
Recognition of share-based payments	–	–	8 111	8 111	–	8 111	–	8 111
Exercise of share options	–	–	(3 520)	(3 520)	3 520	–	–	–
Cancellation of share options	–	–	(415)	(415)	–	(415)	–	(415)
Total contributions by and distributions to owners of company recognised directly in equity	591 453	–	4 176	4 176	3 520	599 149	–	599 149
Balance at 31 December 2014	2 092 124	(3 240)	11 975	8 735	110 713	2 211 572	(1 038)	2 210 534
Note(s)	16	18 & 28			28			

	Share capital R'000	Hedging reserve R'000	Share-based payments reserve R'000	Total reserves R'000	Retained income R'000	Total attributable to equity holders of the Company R'000	Non-controlling interest R'000	Total equity R'000
Company								
Balance at 31 December 2012	843 710	–	4 065	4 065	(11 824)	835 951	–	835 951
Profit for the year	–	–	–	–	17 575	17 575	–	17 575
Other comprehensive income	–	(489)	–	(489)	–	(489)	–	(489)
Total comprehensive income for the year	–	(489)	–	(489)	17 575	17 086	–	17 086
Issue of shares	666 405	–	–	–	–	666 405	–	666 405
Share issue costs	(9 444)	–	–	–	–	(9 444)	–	(9 444)
Recognition of share-based payments	–	–	5 467	5 467	–	5 467	–	5 467
Exercise of share options	–	–	(1 733)	(1 733)	1 733	–	–	–
Business combinations	–	–	–	–	2 143	2 143	–	2 143
Total contributions by and distributions to owners of company recognised directly in equity	656 961	–	3 734	3 734	3 876	664 571	–	664 571
Balance at 31 December 2013	1 500 671	(489)	7 799	7 310	9 627	1 517 608	–	1 517 608
Profit for the year	–	–	–	–	51 536	51 536	–	51 536
Other comprehensive income	–	(2 751)	–	(2 751)	–	(2 751)	–	(2 751)
Total comprehensive income for the year	–	(2 751)	–	(2 751)	51 536	48 785	–	48 785
Issue of shares	599 494	–	–	–	–	599 494	–	599 494
Share issue costs	(8 041)	–	–	–	–	(8 041)	–	(8 041)
Recognition of share-based payments	–	–	8 111	8 111	–	8 111	–	8 111
Exercise of share options	–	–	(3 520)	(3 520)	3 520	–	–	–
Cancellation of share options	–	–	(415)	(415)	–	(415)	–	(415)
Total contributions by and distributions to owners of company recognised directly in equity	591 453	–	4 176	4 176	3 520	599 149	–	599 149
Balance at 31 December 2014	2 092 124	(3 240)	11 975	8 735	64 683	2 165 542	–	2 165 542
Note(s)	16	18 & 28			28			

Statements of cash flows

	Note(s)	Group		Company	
		2014 R'000	2013 R'000	2014 R'000	2013 R'000
Cash flows from operating activities					
Cash generated from operations	30	309 706	136 152	220 041	45 277
Interest income		11 906	3 802	12 978	5 188
Finance costs		(66 827)	(26 199)	(28 805)	(12 107)
Tax paid	31	(8 077)	(8 181)	(489)	(2 157)
Net cash from operating activities		246 708	105 574	203 725	36 201
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(1 121 646)	(874 396)	(945 076)	(615 496)
Sale of property, plant and equipment	4	1 008	4 358	4 126	39 115
Purchase of other intangible assets	6	(992)	–	–	–
Expenditure on product development	6	(6 799)	(1 771)	(6 799)	(1 771)
Business combinations	32	(31 714)	(148 740)	(31 714)	4 733
Acquisition of subsidiaries	33	(90 161)	(52 652)	(100 781)	(52 288)
Loans advanced to group companies		(460)	(5 447)	(19 007)	(123 106)
Proceeds from loans from group companies		–	–	61 244	12 802
Movement in financial assets		(5 897)	(2 328)	(811)	–
Investment in associate		–	(6 000)	–	(6 000)
Net cash from investing activities		(1 256 661)	(1 086 976)	(1 038 818)	(742 011)
Cash flows from financing activities					
Net proceeds from shares issued	16	590 026	656 961	590 026	656 961
Proceeds from loans and other financial liabilities		536 299	454 443	349 281	163 330
Repayment of loans from related party		–	(5 033)	–	(5 033)
Net cash from financing activities		1 126 325	1 106 371	939 307	815 258
Total cash movement for the year		116 372	124 969	104 214	109 448
Cash at the beginning of the year		78 933	(46 036)	53 192	(56 256)
Total cash at end of the year	15	195 305	78 933	157 406	53 192

1. Presentation of audited annual financial statements

Curro Holdings Ltd is a public company incorporated in the Republic of South Africa. The principle activities are the provision of independent education within South Africa.

The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act No 71 of 2008, as amended. The audited annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period, except for standards included in note 3.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based payments*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.1 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating-decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The basis of segmental reporting has been set out in note 2.

1.2 Consolidation

Basis of consolidation

The consolidated audited annual financial statements incorporate the audited annual financial statements of the Group and Company and all investees which are controlled by the Group and Company.

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

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

Adjustments are made when necessary to the audited annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group and Company.

1.2 Consolidation (continued)

Basis of consolidation (continued)

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

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group'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 the Group and Company has control of the subsidiary both before and after the transaction are regarded as an equity transaction and are recognised directly in the statement of changes in equity.

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.

Business combinations

The Group and Company 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 group) that are classified as held-for-sale in accordance with IFRS 5 *Non-current assets held-for-sale and discontinued operations*, which are recognised at fair value less costs to sell.

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

On acquisition, the Group and Company assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group and Company 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 and Company 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.

1.2 Consolidation (continued)

Basis of consolidation (continued)

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

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

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

Business combinations under common control are accounted for at book value at acquisition date.

Investment in associates

An associate is an entity over which the Group and Company 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 consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group and Company's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the Group and Company's interest in that associate are recognised only to the extent that the Group and Company 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 Company and an associate are eliminated to the extent of the Group and Company's interest therein.

When the Group and Company reduces its level of significant influence or loses significant influence, the Group and Company 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.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment are recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the Group and Company; and
- The cost of the item can be measured reliably.

Property, plant and equipment are 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. 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.

1.3 Property, plant and equipment (continued)

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

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

Item	Average useful life
Land	Not depreciated
Buildings	75 to 90 years
Premises equipment	5 years/6 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	6 years
Computer equipment	3 years/5 years
Computer software	2 years
School equipment	5 years/6 years

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. Where the residual value of an asset exceeds its cost, no depreciation is recognised.

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

The gain or loss arising from the derecognition of an item of 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.

1.4 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

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

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

1.4 Intangible assets (continued)

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 intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all 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 intangible assets.

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

Item	Useful life
Learner enrolments	1 to 14 years
Trademarks	Indefinite
Curriculum material	6 years

1.5 Investment in and loans to subsidiaries and associates

Company audited annual financial statements

In the Company's separate audited annual financial statements, investments in and loans to subsidiaries and associates are carried at cost less any accumulated impairment.

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

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

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.

1.6 Financial instruments

Classification

The Group and Company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Financial liabilities at fair value through profit or loss; or
- Financial liabilities measured at amortised cost.

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

Initial recognition and measurement

Financial instruments are recognised initially when the Group and Company becomes a party to the contractual provisions of the instruments.

1.6 Financial instruments (continued)

Initial recognition and measurement (continued)

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

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

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

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

Subsequent measurement

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

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

Dividend income is recognised in profit or loss as part of other income when the Group and Company's right to receive payment is established.

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

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

Impairment of financial assets

At each reporting date the Group and Company 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.

For amounts due to the Group and Company, 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

1.6 Financial instruments (continued)

Impairment of financial assets (continued)

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 less any accumulated impairment.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently 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.

Hedging activities

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

The Group and 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).

1.6 Financial instruments (continued)

Hedging activities (continued)

The Group and Company 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 and Company 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 items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 11.

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.

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 profit or loss.

Amounts accumulated in equity are reclassified to other comprehensive income 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 to other comprehensive income and included in the initial measurement of the cost of the asset.

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 profit or loss as a reclassification adjustment through to other comprehensive income when the forecast transaction is ultimately recognised in profit or loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised in profit or loss as a reclassification adjustment through to other comprehensive income.

1.7 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).

1.7 Tax (continued)

Deferred tax assets and liabilities (continued)

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

Tax expenses

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.

1.8 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.

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 interest rate implicit in the lease.

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

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

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

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 inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.9 Inventories (continued)

When inventories are sold, the carrying amount of those inventories are 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.

1.10 Impairment of assets

The Group and 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 Group and Company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group and 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.

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 Share capital and equity

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

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

1.12 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

1.12 Share-based payments (continued)

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity, are measured, indirectly, by reference to the fair value of the equity instruments granted.

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 granted do not vest until the counterparty completes a specified period of service, Group and Company accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight-line basis over the vesting period).

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

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

1.13 Employee benefits

Short-term employee benefits

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

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

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

1.14 Provisions and contingencies

Provisions are recognised when:

- The Group and Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

1.14 Provisions and contingencies (continued)

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- Has a detailed formal plan for the restructuring, identifying at least:
 - The business or part of a business concerned;
 - The principal locations affected;
 - The location, function, and approximate number of employees who will be compensated for terminating their services;
 - The expenditures that will be undertaken; and
 - When the plan will be implemented; and
- Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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.

Contingent assets and contingent liabilities are not recognised.

1.15 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Group and Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group and Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group and Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Tuition fees are recognised over the period that tuition is provided.

Enrolment fees and registration fees are recognised on initial registration. Re-registration fees are recognised in the year to which the re-registration relates.

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

Dividends are recognised, in profit or loss, when the Group and Company's right to receive payment has been established.

1.16 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.

1.17 Significant judgements and sources of estimation uncertainty

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

Significant judgements include:

Trade receivables

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

Doubtful debt is provided on an individual account basis considering the likelihood of default of the account holder.

Share-based payments

Management used the Black-Scholes model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 17 – Share-based payments.

Impairment of assets

Goodwill, intangible assets, property, plant and equipment and accounts receivable are assessed annually for impairment. These impairment calculations include the use of estimates of future cash flows as well as the determination of discount rates at which the cash flows are discounted.

Contingent liabilities

Management applies its judgement to the advice it receives from its attorneys, advocates and other advisers in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine whether the obligation is recognised as a liability or disclosed as a contingent liability.

1.17 Significant judgements and sources of estimation uncertainty (continued)

Fair values in business combinations

Management uses valuation techniques to determine the fair value of assets and liabilities acquired in a business combination. Fair value of property, plant and equipment is determined by using external valuations as well as rental return on property. Client lists (learner enrolments) are valued through a net present value model of the contribution from the enrolments at the school based on their estimated future enrolment period.

Although a comprehensive valuation exercise is performed for each business combination, the Group applies initial accounting for its business combinations, which will allow the Group a period of one year after the acquisition date to adjust the provisional amounts recognised for a business combination.

Useful lives and residual values

The estimated useful lives for property, plant and equipment are set out in note 1.3. Estimated useful lives and residual values are reviewed annually, taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the education industry where the assets are used.

Notes to the audited annual financial statements | for the year ended 31 December 2014

2. Segmental report

	2014 R'000	2013 R'000
<p>The reportable segments, which represent the structure used by the chief operating decision maker, to make key operating decisions and assess performance are Curro schools (which includes Select schools, Curro Academy schools, Teacher Training College and Curro Castles) and Meridian schools. Both segments derive revenues from the provision of independent education and ancillary services.</p>		
Revenue		
Curro	838 490	575 684
Meridian	183 662	109 303
Intra-Group revenue	(21 451)	(25 859)
	1 000 701	659 128
EBITDA		
Curro	158 693	86 466
Meridian	32 650	27 202
	191 343	113 668
Investment income		
Curro	10 912	3 509
Meridian	994	293
	11 906	3 802
Finance costs		
Curro	29 313	11 752
Meridian	37 514	14 447
	66 827	26 199
Taxation		
Curro	28 625	12 003
Meridian	(935)	3 581
	27 690	15 584
Depreciation and amortisation		
Curro	49 081	33 385
Meridian	9 232	3 581
	58 313	36 966
Profit after taxation		
Curro	62 926	31 870
Meridian	(12 167)	7 851
	50 759	39 721
Property, plant and equipment		
Curro	2 863 795	1 798 049
Meridian	474 390	333 762
	3 338 185	2 131 811
Capital expenditure		
Curro	1 113 924	627 587
Meridian	149 505	329 574
	1 263 429	957 161
Loans and other financial liabilities		
Curro	896 860	499 037
Meridian	521 843	325 993
	1 418 703	825 030

Notes to the audited annual financial statements | for the year ended 31 December 2014

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

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

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities.

The effective date of the amendment is for years beginning on or after 1 January 2014.

The Group and Company has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

The amendment brings the disclosures for impaired assets, whose recoverable amount is fair value less costs to sell, in line with the disclosure requirements of IFRS 13 *Fair Value Measurements*.

The effective date of the amendment is for years beginning on or after 1 January 2014.

The Group and Company has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IFRIC 21 – Levies

The interpretation provides guidance on accounting for levies payable to government. It specifies that the obligating event giving rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. A constructive obligation for levies that will be triggered by operating in future is not raised by virtue of the entity being economically compelled to operate in future or for being a going concern. Furthermore, if the obligating event occurs over a period of time, then the liability is recognised progressively. An asset is recognised if an entity has prepaid a levy before the obligating event. This accounting also applies to interim reporting.

The effective date of the interpretation is for years beginning on or after 1 January 2014.

The Group and Company has adopted the interpretation for the first time in the 2014 annual financial statements.

The impact of the interpretation is not material.

IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The amendment provides guidance on whether an entity is required to discontinue hedging when the derivatives which are designated hedging instruments are novated to a central counterparty.

The effective date of the amendment is for years beginning on or after 1 January 2014.

The Group and Company has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

3. New standards and interpretations (continued)

3.2 Standards and interpretations not yet effective

The Group and Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group and Company's accounting periods beginning on or after 1 January 2015 or later periods. These standards are not expected to have a material impact on the Group and Company's annual financial statements.

<u>Standard/ Interpretation:</u>	<u>Effective date: Years beginning on or after</u>
IFRS 2: <i>Share-based Payment</i> (amendments)	1 July 2014
IFRS 3: <i>Business Combinations</i> (amendments)	1 July 2014
IFRS 7: <i>Financial Instruments: Disclosures</i> (amendments)	1 January 2016
IFRS 8: <i>Operating Segments</i> (amendments)	1 July 2014
IFRS 9: <i>Financial Instruments</i> (new)	1 January 2018
IFRS 10: <i>Consolidated Financial Statements</i> (amendments)	1 January 2016
IFRS 12: <i>Disclosure of Interests in Other Entities</i> (amendments)	1 January 2016
IFRS 13: <i>Fair Value Measurement</i> (amendments)	1 July 2014
IFRS 14: <i>Regulatory Deferral Accounts</i> (new)	1 January 2016
IFRS 15: <i>Revenue from contracts with customers</i> (new)	1 January 2017
IAS 1: <i>Presentation of Financial Statements</i> (amendments)	1 January 2016
IAS 16: <i>Property, Plant and Equipment</i> (amendments)	1 January 2016
IAS 24: <i>Related Party Disclosures</i> (amendments)	1 July 2014
IAS 28: <i>Investments in Associates and Joint Ventures</i> (amendments)	1 January 2016
IAS 38: <i>Intangible Assets</i> (amendments)	1 July 2014

4. Property, plant and equipment

<u>Group</u>	2014			2013		
	<u>Cost/ valuation R'000</u>	<u>Accumulated depreciation R'000</u>	<u>Carrying value R'000</u>	<u>Cost/ valuation R'000</u>	<u>Accumulated depreciation R'000</u>	<u>Carrying value R'000</u>
Land and buildings	3 067 842	(2 140)	3 065 702	1 971 432	(1 126)	1 970 306
Furniture and fixtures	135 849	(28 114)	107 735	75 182	(16 853)	58 329
Computer equipment	118 149	(47 345)	70 804	70 971	(24 794)	46 177
Motor vehicles	64 095	(15 485)	48 610	35 483	(8 294)	27 189
School equipment	41 489	(10 222)	31 267	25 378	(6 139)	19 239
Computer software	14 967	(9 332)	5 635	8 840	(5 099)	3 741
Premises equipment	13 043	(6 391)	6 652	8 531	(4 007)	4 524
Office equipment	5 276	(3 496)	1 780	5 168	(2 862)	2 306
Total	3 460 710	(122 525)	3 338 185	2 200 985	(69 174)	2 131 811

Notes to the audited annual financial statements | for the year ended 31 December 2014

4. Property, plant and equipment (continued)

Company	2014			2013		
	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000
Land and buildings	2 297 179	(112)	2 297 067	1 450 768	(112)	1 450 656
Furniture and fixtures	112 153	(21 652)	90 501	60 020	(13 170)	46 850
Computer equipment	90 528	(37 829)	52 699	60 026	(21 718)	38 308
Motor vehicles	56 098	(13 153)	42 945	31 817	(7 506)	24 311
School equipment	36 139	(8 307)	27 832	22 485	(4 819)	17 666
Computer software	13 754	(8 873)	4 881	8 477	(4 948)	3 529
Premises equipment	10 247	(4 158)	6 089	5 941	(2 356)	3 585
Office equipment	3 497	(2 564)	933	3 541	(2 187)	1 354
Total	2 619 595	(96 648)	2 522 947	1 643 075	(56 816)	1 586 259

Reconciliation of property, plant and equipment:

Group – 2014	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Depreciation R'000	Total R'000
Land and buildings	1 970 306	967 944	128 522	(57)	(1 013)	3 065 702
Furniture and fixtures	58 329	58 831	1 479	–	(10 904)	107 735
Computer equipment	46 177	46 963	432	(50)	(22 718)	70 804
Motor vehicles	27 189	21 390	7 778	(887)	(6 860)	48 610
School equipment	19 239	15 843	235	–	(4 050)	31 267
Computer software	3 741	6 210	–	–	(4 316)	5 635
Premises equipment	4 524	4 374	79	(7)	(2 318)	6 652
Office equipment	2 306	91	6	(38)	(585)	1 780
Total	2 131 811	1 121 646	138 531	(1 039)	(52 764)	3 338 185

Company – 2014	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Depreciation R'000	Total R'000
Land and buildings	1 450 656	820 140	29 523	(3 252)	–	2 297 067
Furniture and fixtures	46 850	51 056	1 360	–	(8 765)	90 501
Computer equipment	38 308	31 506	420	(50)	(17 485)	52 699
Motor vehicles	24 311	18 788	6 903	(887)	(6 170)	42 945
School equipment	17 666	13 486	198	–	(3 518)	27 832
Computer software	3 529	5 435	–	–	(4 083)	4 881
Premises equipment	3 585	4 650	38	(7)	(2 177)	6 089
Office equipment	1 354	15	2	–	(438)	933
Total	1 586 259	945 076	38 444	(4 196)	(42 636)	2 522 947

4. Property, plant and equipment (continued)

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Pledged as security				
Carrying value of assets pledged as security:				
Land and buildings	2 876 753	1 951 559	2 150 633	1 450 768
Furniture and fixtures	33 308	21 178	17 473	11 205
Computer equipment	36 580	27 341	20 129	20 091
Motor vehicles	44 310	27 189	40 730	24 311
Premises equipment	3 567	2 597	449	938
Office equipment	1 416	2 108	826	1 338
Borrowing costs capitalised				
Borrowing costs capitalised to qualifying assets	29 524	28 830	25 438	21 688
Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation	10.8%	10.8%	10.2%	11.4%

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

5. Goodwill

Group	2014			2013		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Goodwill	338 060	(177)	337 883	271 925	(177)	271 748

Company	2014			2013		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Goodwill	52 271	(177)	52 094	46 288	(177)	46 111

Reconciliation of goodwill:

Group – 2014	Opening balance R'000	Additions through business combinations R'000	Total R'000
	Goodwill	271 748	66 135

Company – 2014	Opening balance R'000	Additions through business combinations R'000	Total R'000
	Goodwill	46 111	5 983

Notes to the audited annual financial statements | for the year ended 31 December 2014

5. Goodwill (continued)

The goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit (CGU) that is expected to benefit from that business. Goodwill is assessed for impairment annually, irrespective of whether or not there is any indication of impairment, or more frequently if there are indications that goodwill might be impaired.

When testing goodwill for impairment, the recoverable amounts of the cash generating units, which is mostly represented by a school or campus, are determined using value in use calculations. The key assumptions for the value in use calculations are discount rates, growth rates and expected future cash flows. Management estimates discount rates using rates that reflect current market assumptions of the time value of money and the risks specific to the (CGU). The growth rates are based on estimated growth in enrolment numbers.

The Group and Company prepare cash flow forecasts based on the (CGUs) budgeted results as approved by the Board of Directors and extrapolated cash flows for the following years based on the estimated growth rate.

As the Group or Company integrates acquired learners into existing campuses, the Group or Company aggregates the CGUs for the purposes of performing an impairment assessment.

Impairment tests for cash generating units containing goodwill are based on the following assumptions:

Group	Discount rate 2014	Discount rate 2013	Forecast cash flows 2014	Forecast cash flows 2013	Goodwill 2014 R'000	Goodwill 2013 R'000
Cash generating unit						
Curro schools	15% p.a	15% p.a	5 to 11 years, 10% growth rate	5 to 8 years, 10% growth rate	57 837	51 854
Aurora College	15% p.a	15% p.a	5 years, 10% growth rate	5 years, 10% growth rate	15 485	15 485
Woodhill College	15% p.a	15% p.a	5 years, 10% growth rate	5 years, 10% growth rate	59 191	59 191
Campus and Property Management Company (Pty) Ltd	15% p.a	15% p.a	5 to 15 years, 10% growth rate	5 to 11 years, 10% growth rate	107 502	107 502
Embury Institute for Teacher Education (Pty) Ltd	15% p.a	15% p.a	5 years, 10% growth rate	5 years, 10% growth rate	39 924	37 716
Waterstone College (Pty) Ltd	15% p.a	n/a	5 years, 10% growth rate	n/a	57 944	–
					337 883	271 748

Company	Discount rate 2014	Discount rate 2013	Forecast cash flows 2014	Forecast cash flows 2013	Goodwill 2014 R'000	Goodwill 2013 R'000
Cash generating unit	15% p.a	15% p.a	5 to 11 years, 10% growth rate	5 to 8 years, 10% growth rate	52 094	46 111
					52 094	46 111

Curro schools consist of the following schools: Durbanville, Langebaan, Hazeldean, Helderwyk, Hermanus, Serengeti, Nelspruit, Heuwelkruin, Embury, Hillcrest, Bloemfontein, Krugersdorp, Rosen Castle and Curro Castle George.

Aurora College, Woodhill College, Campus and Property Management Company (Pty) Ltd, Embury Institute for Teacher Education (Pty) Ltd and Waterstone College (Pty) Ltd represent the cash generating units which have been assessed as significant by management in terms of IAS 36 paragraph 134.

All other cash generating units have been represented in aggregate as required in terms of IAS 36 paragraph 135.

6. Intangible assets

Group	2014			2013		
	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying value R'000
Trademarks	68 261	(199)	68 062	46 760	(199)	46 561
Curriculum material	12 042	(686)	11 356	4 281	(686)	3 595
Learner enrolments	57 056	(15 154)	41 902	57 055	(9 604)	47 451
Total	137 359	(16 039)	121 320	108 096	(10 489)	97 607

Company	2014			2013		
	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying value R'000
Trademarks	11 720	(145)	11 575	3 661	(145)	3 516
Curriculum material	11 080	(686)	10 394	4 281	(686)	3 595
Learner enrolments	26 331	(6 493)	19 838	26 330	(4 327)	22 003
Total	49 131	(7 324)	41 807	34 272	(5 158)	29 114

Notes to the audited annual financial statements | for the year ended 31 December 2014

6. Intangible assets (continued)

Reconciliation of intangible assets:

Group – 2014	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Internally generated R'000	Amortisation R'000	Total R'000
Trademarks	46 561	30	21 471	–	–	68 062
Curriculum material	3 595	962	–	6 799	–	11 356
Learner enrolments	47 451	–	–	–	(5 549)	41 902
	97 607	992	21 471	6 799	(5 549)	121 320

Company – 2014	Opening balance R'000	Additions through business combinations R'000	Internally generated R'000	Amortisation R'000	Total R'000
Trademarks	3 516	8 059	–	–	11 575
Curriculum material	3 595	–	6 799	–	10 394
Learner enrolments	22 003	–	–	(2 165)	19 838
	29 114	8 059	6 799	(2 165)	41 807

Other information

The useful life of trademarks are considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group and Company.

7. Interest in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Company	% holding 2014	% holding 2013	Carrying amount 2014 R'000	Carrying amount 2013 R'000
Name of company				
Aurora College (Pty) Ltd	100	100	–	–
Campus and Property Management Company (Pty) Ltd	65	65	–	–
Curro Holdings Limited Share Incentive Trust	100	100	–	–
Dream Park Village (Pty) Ltd	100	100	3 148	3 148
Stratland Developments (Pty) Ltd	100	100	1 965	1 965
Educatum Management Services (Pty) Ltd	100	100	–	–
Embury Institute for Teacher Education (Pty) Ltd	100	100	60 811	58 603
Meridian College Schools NPC	100	100	–	–
Meridian Operations Company (RF) NPC	100	100	–	–
Plot One Hundred Bush Hill (Pty) Ltd	100	100	21 338	21 338
Waterstone College (Pty) Ltd	100	100	130 000	–
Woodhill College (Pty) Ltd	100	100	–	–
Woodhill College Property Holdings (Pty) Ltd	100	100	140 000	140 000
			357 262	225 054

7. Interest in subsidiaries (continued)

The carrying amounts of subsidiaries are shown net of impairment losses. All subsidiaries are incorporated in the Republic of South Africa.

Campus and Property Management Company (Pty) Ltd is a material subsidiary with 35% non controlling interest. The principal place of business is the Republic of South Africa. The percentage ownership interest and the percentage voting rights of the non-controlling interests are the same. The company reported a loss of R2.3 million for the year (2013: profit of R4.5 million).

Loans to (from) subsidiaries are shown separately in note 9.

Subsidiaries with material non-controlling interests

The following information is provided for subsidiaries with non-controlling interests which are material to the reporting Group and Company. The summarised financial information is provided before to intra-Group eliminations.

Subsidiary	Country of incorporation	% Ownership interest held by non-controlling interest	
		2014	2013
Campus and Property Management Company (Pty) Ltd	South Africa	35	35
Meridian Operations Company (RF) NPC	South Africa	–	–

The country of incorporation and the principal place of business are the same.

The percentage ownership interest and the percentage voting rights of the non-controlling interests are the same.

Meridian Operations Company (RF) NPC is a subsidiary in terms of International Financial Reporting Standards, but not in its legal form.

Summarised statement of financial position

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Assets						
Non-current assets	595 406	455 197	–	–	595 406	455 197
Current assets	24 123	26 838	17 000	23 171	41 123	50 009
Total assets	619 529	482 035	17 000	23 171	636 529	505 206
Liabilities						
Non-current liabilities	597 799	395 727	–	–	597 799	395 727
Current liabilities	20 692	82 959	23 573	20 007	44 265	102 966
Total liabilities	618 491	478 686	23 573	20 007	642 064	498 693
Total net assets (liabilities)	1 038	3 349	(6 573)	3 164	(5 535)	6 513
Carrying amount of non-controlling interest	363	1 172	(2 301)	1 107	(1 938)	2 279
Change in ownership from prior years					900	900
Non-controlling interest per statement of financial position					(1 038)	3 179

Notes to the audited annual financial statements | for the year ended 31 December 2014

7. Interest in subsidiaries (continued)

Summarised statement of comprehensive income

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Revenue	70 508	41 739	113 154	67 594	183 662	109 333
Operating expenses	(36 894)	(21 173)	(123 299)	(64 539)	(160 193)	(85 712)
Earnings before interest and taxation	33 614	20 566	(10 145)	3 055	23 469	23 621
Net finance costs	(36 860)	(14 263)	408	41	(36 452)	(14 222)
Taxation	935	(1 764)	–	–	935	(1 764)
(Loss) profit for the year	(2 311)	4 539	(9 737)	3 096	(12 048)	7 635
(Loss) profit allocated to non-controlling interest	(809)	1 589	(3 408)	1 084	(4 217)	2 673

Summarised statement of cash flows

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Cash flows from operating activities	35 467	16 238	(8 690)	20 313	26 777	36 551
Cash flows from investing activities	(145 488)	(395 800)	5 538	(5 420)	(139 950)	(401 220)
Cash flows from financing activities	109 723	381 774	–	–	109 723	381 774
Net increase (decrease) in cash and cash equivalents	(298)	2 212	(3 152)	14 893	(3 450)	17 105
Dividend paid to non-controlling interest	–	–	–	–	–	–

8. Investments in and loans to subsidiaries and associates

The following table lists all of the associates in the Group:

Group	% holding	% holding	Carrying amount	Carrying amount
Name of company	2014	2013	2014 R'000	2013 R'000
Professional Sourcing and Procurement Assist (Pty) Ltd	40	40	8 624	7 133
Company				
Name of company				
Professional Sourcing and Procurement Assist (Pty) Ltd	40	40	6 000	6 000

9. Loans to (from) group companies

Subsidiaries	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Campus and Property Management Company (Pty) Ltd	–	–	50 134	42 900
The loan bears interest at three-month Jibar plus 10% per annum. The loan has a 15-year initial repayment term with 13 years remaining.				
Campus and Property Management Company (Pty) Ltd	–	–	11 643	8 138
The loan is interest free, unsecured and there are no fixed terms of repayment.				
Campus and Property Management Company (Pty) Ltd	–	–	–	50 371
The loan bears interest at three-month Jibar plus 8% per annum. Repayable within one month after year-end.				
Curro Holdings Limited Share Incentive Trust	–	–	7 497	2 328
The secured loans, which are loans to employees, bears interest at the SARS fringe benefit rate, currently 6.75%, and are repayable within three years from grant date.				
Dream Park Village (Pty) Ltd	–	–	3 181	3 181
The loan is interest free, unsecured and there are no fixed terms of repayment.				
Embury Institute for Teacher Education (Pty) Ltd	–	–	(6 668)	(448)
The loan is interest free, unsecured and there are no fixed terms of repayment.				
Plot One Hundred Bush Hill (Pty) Ltd			18 869	18 010
The loan is interest free, unsecured and there are no fixed terms of repayment.				
Stratland Developments (Pty) Ltd	–	–	901	901
The loan is interest free, unsecured and there are no fixed terms of repayment.				
Woodhill College Property Holdings (Pty) Ltd	–	–	42 072	52 945
The loan bears interest at various rates, is unsecured and there are no fixed terms of repayment.				
Waterstone College (Pty) Ltd	–	–	8 000	–
The loan is interest free, unsecured and there are no fixed terms of repayment.				
	–	–	135 629	178 326

Notes to the audited annual financial statements | for the year ended 31 December 2014

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

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Associates				
Professional Sourcing and Procurement Assist (Pty) Ltd				
The loan bears interest at prime plus 4% and is repayable on 31 December 2015.	6 007	5 547	6 007	5 547
Non-current assets	–	5 547	65 631	50 775
Current assets	6 007	–	82 673	133 546
Current liabilities	–	–	(6 668)	(448)
	6 007	5 547	141 636	183 873

10. Other financial assets

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Loans and receivables				
Loans to directors, managers and employees. The loans bear interest at the SARS fringe benefit rate, currently 6.75% and are repayable within three years from issue. The loans are granted in terms of the Curro Holdings Limited Share Incentive Trust trust deed for the acquisition of qualifying vested shares.	7 414	2 328	–	–
Non-current assets				
Loans and receivables	7 414	2 328	–	–

11. Derivative financial instruments and hedging information

The following information relates to derivative financial instruments included in other financial assets and other financial liabilities:

Group	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedges	–	3 520	–	659
Non-current portion	–	3 520	–	527
Current portion	–	–	–	132
	–	3 520	–	659
Company	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedges	–	3 520	–	659
Non-current portion	–	3 520	–	527
Current portion	–	–	–	132
	–	3 520	–	659

11. Derivative financial instruments and hedging information *(continued)*

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

The ineffective portion recognised in the profit or loss that arises from the fair value hedges amounts to a loss of R110 000 (2013: R169 989 loss).

Interest rate swaps – cash flow hedge

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2014 were R512 500 000 (2013: R75 000 000).

At 31 December 2014, the fixed interest rates vary from 7.43% to 7.85% (2013: 7.49%), and the main floating rates are JIBAR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2014 will be continuously released to the statement of comprehensive income until the repayment of the borrowings.

12. Deferred tax

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Deferred tax liability				
Property, plant and equipment	(205 231)	(144 128)	(119 252)	(76 015)
Income received in advance	26 862	10 908	21 473	10 908
Provision for doubtful debts	427	594	370	594
Prepaid expenditure	(5 533)	(2 610)	(2 192)	(1 836)
Tax losses available for set-off against future taxable income	43 696	37 977	35 035	34 708
Intangible assets	(25 846)	(22 022)	(8 796)	(8 151)
Total deferred tax liability	(165 625)	(119 281)	(73 362)	(39 792)
Reconciliation of deferred tax liability:				
At beginning of year	(119 281)	(84 329)	(39 792)	(34 259)
Originating temporary difference on property, plant and equipment	(61 103)	(46 819)	(43 237)	(21 006)
Originating temporary difference on income received in advance	15 954	1 587	10 565	4 026
Originating temporary difference on provision for doubtful debts	(167)	(228)	(224)	(120)
Originating temporary difference on prepaid expenditure	(2 923)	(2 116)	(356)	(1 466)
Increase in tax losses available for set-off against future taxable income	5 719	16 929	327	13 659
Originating temporary difference on intangible assets	(3 824)	(4 305)	(645)	(626)
	(165 625)	(119 281)	(73 362)	(39 792)

Recognition of deferred tax asset

Deferred tax asset is recognised for unused tax losses to the extent that probable future taxable profit will be available against which the unused tax losses can be utilised.

Notes to the audited annual financial statements | for the year ended 31 December 2014

13. Inventories

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Merchandise	17 458	6 817	10 300	–

There were no inventory write-downs during the period under review.

14. Trade and other receivables

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Gross receivables	21 648	14 268	39 350	20 662
Provision for impairment	(4 144)	(2 489)	(3 564)	(2 080)
Trade receivables	17 504	11 779	35 786	18 582
Value added taxation	8 888	11 473	2 576	–
Deposits	6 941	3 174	143	201
Prepayments	3 320	3 237	1 529	2 448
Other receivables	1 363	114	79	129
Employee costs in advance	–	454	–	–
	38 016	30 231	40 113	21 360

Interest is charged on overdue accounts at 15% per annum.

Credit periods may vary based on special payment agreements reached with parents of learners, but as standard all fees should be settled within 30 days.

No credit insurance is taken out by the Group and Company.

The net carrying values of receivables are considered to be a close approximation of their fair values.

Trade and other receivables past due but not impaired

Company

Trade receivables with renegotiated terms of payment or with acceptable payment history are not considered to be impaired. At 31 December 2014, R35.4 million (2013: R18.5 million) were past due, but not impaired.

Group

Trade receivables with renegotiated terms of payment or with acceptable payment history are not considered to be impaired. At 31 December 2014, R17.4 million (2013: R9.3 million) were past due, but not impaired.

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

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
1 month past due	3 948	7 181	22 943	16 241
2 months past due	8 955	1 685	7 438	1 421
3 months past due	4 546	404	4 981	809
	17 449	9 270	35 362	18 471

14. Trade and other receivables (continued)

Trade receivables impaired

Company

As of 31 December 2014, trade and other receivables of R3.6 million (2013: R2.1 million) were impaired and provided for.

Group

As at 31 December 2014, trade receivables of R4.1 million (2013: R2.5 million) were provided for.

Reconciliation of provision for impairment of trade and other receivables:

	Group		Company	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Opening balance	2 489	3 911	2 080	3 400
Provision for impairment	1 803	–	1 803	–
Unused amounts reversed	(148)	(1 422)	(319)	(1 320)
	4 144	2 489	3 564	2 080

15. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Cash and cash equivalents consist of:				
Bank balances	195 305	78 933	157 406	53 192

Securities are disclosed in note 19.

The total value of facilities including derivatives, vehicle and asset finance, credit card, funds transfer, overdraft and guarantees, available to the Company from Absa Bank Ltd, First National Bank Ltd and Standard Bank of South Africa Ltd are approximately R697 million. The value of facilities available to the Group includes a sharing facility of R10 million between Plot One Hundred Bush Hill (Pty) Ltd and/or Curro Holdings Ltd.

	Group		Company	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
The total amount of undrawn facilities available for future operating activities and commitments	249 000	230 000	135 000	160 000

16. Share capital

Authorised number of shares

Ordinary shares with no par value ('000)	400 000	400 000	400 000	400 000
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Reconciliation of number of ordinary shares issued:

Reported as at 1 January 2014 ('000)	294 794	240 428	294 794	240 428
Issue of shares ('000)	30 802	54 366	30 802	54 366
	325 596	294 794	325 596	294 794

10% of unissued ordinary shares at the beginning of the year or 29 479 439 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Issued	Group		Company	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Ordinary shares with no par value	2 092 124	1 500 671	2 092 124	1 500 671

Notes to the audited annual financial statements | for the year ended 31 December 2014

17. Share-based payments

17.1 Details of the employee share option plan of the Company

Curro has established a share incentive scheme for certain key members of management.

The following sets out key terms of the share-based payment arrangement which came into place in the prior and current year:

Each employee's share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The exercise price is determined by the 30-day volume weighted average share price preceding the option issue date. The options carry neither rights to dividends nor voting rights.

Options may be exercised at any time from the date of vesting to the date of their expiry.

Shares awarded vest over a five-year period from the grant date, namely:

- 25% thereof as at the second anniversary of the option grant date;
- 25% thereof as at the third anniversary of the option grant date;
- 25% thereof as at the fourth anniversary of the option grant date; and
- 25% thereof as at the fifth anniversary of the option grant date.

The exercise price of options awarded are adjusted with a factor taking into consideration the effect of rights offers. This adjustment does not result in a incremental increase in fair value of the share options awarded.

17.2 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2014		2013	
	Number of options	Weighted average exercise price (Rand)	Number of options	Weighted average exercise price (Rand)
Outstanding at the beginning of the year	5 806 114	11.88	5 241 592	8.02
Awarded during the year	2 121 100	25.58	1 640 639	19.61
Exercised during the year	(1 267 659)	6.69	(1 076 117)	4.89
Forfeited during the year	(133 262)	6.35	–	–
Outstanding at the end of the year	6 526 293	18.61	5 806 114	11.88

17. Share-based payments *(continued)*

17.1 Details of the employee share option plan of the Company *(continued)*

Details of share options granted to and exercised by Directors:

Director	Opening balance of share options awarded at 1 January 2014	Number of share options awarded during the year	Number of share options exercised during the year	Strike price per share options awarded (Rand)	Exercise price per share option (Rand)	Share options award date	Closing balance of share options as at 31 December 2014
Dr CR van der Merwe	632 375	–	(210 792)	5.93	4.70	2011-09-29	421 583
	187 557	–	(46 890)	17.10	15.69	2012-09-29	140 667
	401 575	–	–	19.61	19.16	2013-09-29	401 575
	–	134 200	–	25.58	25.58	2014-09-29	134 200
	1 221 507	134 200	(257 682)				1 098 025
AJF Greyling	540 686	–	(180 229)	5.93	4.70	2011-09-29	360 457
	142 523	–	(35 631)	17.10	15.69	2012-09-29	106 892
	237 198	–	–	19.61	19.16	2013-09-29	237 198
	–	93 900	–	25.58	25.58	2014-09-29	93 900
	920 407	93 900	(215 860)				798 447
B van der Linde	307 037	–	(102 346)	5.93	4.70	2011-09-29	204 691
	95 226	–	(23 807)	17.10	15.69	2012-09-29	71 419
	171 925	–	–	19.61	19.16	2013-09-29	171 925
	–	78 700	–	25.58	25.58	2014-09-29	78 700
	574 188	78 700	(126 153)				526 735
HG Louw	368 803	–	(122 935)	5.93	4.70	2011-09-29	245 868
	99 546	–	(24 887)	17.10	15.69	2012-09-29	74 659
	182 912	–	–	19.61	19.16	2013-09-29	182 912
	–	63 500	–	25.58	25.58	2014-09-29	63 500
	651 261	63 500	(147 822)				566 939
	3 367 363	370 300	(747 517)				2 990 146

Notes to the audited annual financial statements | for the year ended 31 December 2014

17. Share-based payments (continued)

17.2 Movements in share options during the year (continued)

Vesting of shares occurs as follows:

	%
2 years after award date	25
3 years after award date	25
4 years after award date	25
5 years after award date	25
	100

Vesting year:	Number of options	Weighted average strike price (Rand)
29 September 2015	1 677 796	9.74
29 September 2016	2 208 071	13.54
29 September 2017	1 169 717	21.39
29 September 2018	940 435	22.78
29 September 2019	530 274	25.58
	6 526 293	18.61

17.3 Share option expense for the year

Total expenses of R8.1 million related to equity-settled share-based payments transactions were recognised during the year.

17.4 Assumptions used in fair value

The Company used the following assumptions in determining the fair value of options awarded in the current period:

	2014	2013
Strike price (Rand)	25.58	19.61
Current share price (Rand)	25.58	19.61
Fair value (Rand)	8.19	6.04
Volatility (%)	29.40	32.20
Risk free rate (%)	7.30	5.40
Dividend yield (%)	-	-

The Black-Scholes model is used to calculate the estimated theoretical value of options awarded.

The volatility is derived from the movement in the volume weighted average share price for a period of 365 calendar days prior to the share options award date.

18. Hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

The movement in the hedging reserve is illustrated below:

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Balance as at beginning of the year	(489)	–	(489)	–
Recognition of fair value of hedge instrument	(2 861)	(659)	(2 861)	(659)
Ineffective portion of cash flow hedges	110	170	110	170
Balance at the end of the year	(3 240)	(489)	(3 240)	(489)

19. Loans and other financial liabilities

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
At fair value through profit or loss				
Interest rate swap	854	659	854	659
Interest rate swap on a notional amount of R75 million with a termination date of 26 November 2018 at a fixed interest rate of 7.49% plus a margin of 2.75%.				
Interest rate swap	1 598	–	1 598	–
Interest rate swap on a notional amount of R62.5 million with a termination date of 15 April 2019 at a fixed interest rate of 7.85% plus a margin of 2.60%.				
Interest rate swap	1 068	–	1 068	–
Interest rate swap on a notional amount of R375 million with a termination date of 12 December 2019 at a fixed interest rate of 7.43% plus a margin of 2.35%.				
	3 520	659	3 520	659
Held at amortised cost				
ABSA Bank Ltd	–	50 120	–	50 120
The secured loan bears interest at one month JIBAR. Repayable during March 2015.				
ABSA Bank Ltd – Instalment sale agreements	31 336	33 543	31 318	33 442
The secured loans bear interest at various prime linked rates, payable in monthly instalments ranging from R1 109 to R116 552. Secured by fixed assets as disclosed in note 4.				

Notes to the audited annual financial statements | for the year ended 31 December 2014

19. Loans and other financial liabilities (continued)

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Development Bank of South Africa	150 000	150 000	150 000	150 000
The secured loan bears interest at 12.11% per annum, payable in six monthly instalments. Repayable during the period August 2015 to August 2028.				
Development bonds	18 181	–	–	–
Development bonds are refunded when the learner leaves the school, or after three years have elapsed since its payment, whichever is the later date. The development bonds bear no interest.				
Debentures – fixed fee	200	200	200	200
The unsecured debenture is interest free in exchange for a fixed school fee of R17 000 per annum for 12 years. The capital is repayable on 27 August 2021.				
Debentures – Interest set-off	420	420	420	420
The debentures bear interest at prime plus 2.5% per annum, with the option to either capitalise the interest or have it set-off against school fees. The initial amount plus any capitalised interest is repayable after five years from issue or at a date as agreed thereafter.				
Debentures – Prepaid block	7 830	10 570	2 106	2 908
The secured debentures are interest free and are repaid through set-off against annual school fees over the period.				
Mnandi Property Developments (Pty) Ltd	–	658	–	658
The secured loan is amortised at 13.81% and is repayable in monthly instalments on August 2014. Secured by land and buildings as disclosed in note 4.				
Old Mutual Assurance Group South Africa (Pty) Ltd	110 432	30 612	–	–
The loan bears interest at various rates from 4% to 10% linked to three month JIBAR rate. The loan has a 15 year term. Repayable during the period 2018 to 2027. Refer restrictive funding arrangement disclosure below.				
Rabie Property Group (Pty) Ltd	3 000	3 000	3 000	3 000
The secured loan is interest free, repayable during February 2015.				

19. Loans and other financial liabilities (continued)

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Senior Secured Floating Rate Notes (Stock Code COH001)	151 382	151 175	151 382	151 175
The notes bear interest at three month JIBAR plus 2.75%. The date of maturity is 26 November 2018.				
Senior Secured Floating Rate Notes (Stock Code COH002)	127 320	–	127 320	–
The notes bear interest at three month JIBAR plus 2.60%. The date of maturity is 15 April 2019.				
Schools and Education Investment Impact Fund of South Africa (SEIFSA)	412 893	297 045	–	–
The loan bears interest at various rates from 4% to 10% linked to three month JIBAR rate. The loan has a 15 year term. Repayable during the period 2018 to 2027. Refer restrictive funding arrangement disclosure below.				
Standard Bank of South Africa Ltd	–	80 000	–	80 000
The secured loan bears interest at 6.84%, payable in full at the end of March 2014.				
Standard Bank of South Africa Ltd	375 000	–	375 000	–
The secured loan bears interest at three-month JIBAR plus 2.35%, payable in full at 12 December 2019.				
Standard Bank of South Africa Ltd – Instalment sale agreements	39 988	24 315	39 988	24 315
The secured loans bear interest at various prime linked rates, payable in monthly instalments ranging from R2 063 to R194 473. Secured by fixed assets as disclosed in note 4.				
Other loans	298	401	298	401
The loans bear no interest and is not repayable within the next 12 months.				
Transaction costs incurred	(10 097)	(7 688)	(8 615)	(6 024)
Refer to the transaction costs incurred table below for the specific allocation.				
	1 418 183	824 371	872 417	490 615
	1 421 703	825 030	875 937	491 274
Non-current liabilities				
Fair value through profit or loss	3 520	527	3 520	527
At amortised cost	1 391 884	754 618	846 118	420 730
	1 395 404	755 145	849 638	421 257
Current liabilities				
Fair value through profit or loss	–	132	–	132
At amortised cost	26 299	69 753	26 299	69 885
	26 299	69 885	26 299	70 017
	1 421 703	825 030	875 937	491 274

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19. Loans and other financial liabilities (continued)

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Transaction cost incurred:				
Absa Bank Ltd	966	1 169	966	1 169
Debentures	2 119	1 183	2 119	1 183
Old Mutual Alternative Investments (Pty) Ltd	1 482	1 664	–	–
Senior Secured Floating Rate Notes	4 097	2 875	4 097	2 875
Standard Bank of South Africa Ltd	1 433	699	1 433	699
Other	–	98	–	98
	10 097	7 688	8 615	6 024

Restrictive funding arrangements

The funding provided by the Schools and Education Investment Impact Fund of South Africa (SEIIFSA) and the Old Mutual Assurance Group South Africa (Pty) Ltd is subject to restrictive funding arrangements. The restrictive funding arrangements apply to the operations of Meridian Operations Company (RF) NPC and Campus and Property Management Company (Pty) Ltd, collectively referred to as the Meridian schools. Please refer to the terms and carrying values of funding disclosed above.

Securities

The securities for banking facilities and long term funding are as follows:

- Majority of land and buildings are pledged as security. The full list of properties pledged as security is available for inspection at the registered offices of the Company.
- The Schools and Education Investment Impact Fund of South Africa and Old Mutual Assurance Group South Africa (Pty) Ltd:

As part of the fulfilment of the advance conditions of the facilities agreement Campus and Property Management Company (Pty) Ltd has ceded and pledged to the Meridian Security SPV (Pty) Ltd as security for the Company's obligations under the Company indemnity, the Company's right, title and interest in and to:

- All amounts of any nature now or from time-to-time owing to the Company by any person whatsoever including, but without limitation, any amounts owing to the Company by any bank with whom the Company maintains any bank account (including, without limitation, the advances account and the collections account), and any parent in terms of any learner admission contract, and Meridian Operations Company (RF) NPC under the working capital facility agreement, and by any approved insurer with whom the Company maintains any required insurance;
- Each transaction document to which it is a party;
- The working capital facility agreement and the working capital security; and
- Any property lease agreement held by it in respect of any school property or any boarding house property provided that such property lease agreement is capable of being ceded, and if the consent of the landlord under a property lease agreement is required for its cession, the company shall use commercially reasonable endeavours to obtain that consent.

As part of the fulfilment of the advance conditions the Company shall register a general notarial bond over all its movable assets (including, but without limitation, the required equipment in respect of each school) and each boarding house.

If the Company acquires ownership of any school property, or any boarding house property the Company shall, against registration of transfer of ownership of that property into its name in the office of the applicable registry, register a first mortgage bond over that property in favour of the Meridian Security SPV (Pty) Ltd as security for the Company's obligations arising under the Company indemnity.

20. Finance lease obligation

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Minimum lease payments due				
– within one year	28 427	21 906	28 427	21 815
– in second to fifth year inclusive	53 754	44 664	53 754	44 648
– later than five years	264	–	246	–
	82 445	66 570	82 427	66 463
Less: future finance charges	(11 121)	(8 788)	(11 121)	(8 783)
Present value of minimum lease payments	71 324	57 782	71 306	57 680
Present value of minimum lease payments due				
– within one year	23 219	17 800	23 219	17 714
– in second to fifth year inclusive	47 845	39 982	47 845	39 966
– later than five years	260	–	242	–
	71 324	57 782	71 306	57 680

The Group and Company's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 4.

21. Trade and other payables

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Income received in advance	117 195	61 131	76 905	42 527
Trade payables	69 579	25 172	60 181	27 059
Accrued expense	45 241	19 900	39 277	17 510
Other payables	36 206	12 314	35 995	12 314
Entrance deposits	4 990	4 830	3 411	3 252
Value added taxation	368	1 538	221	404
	273 579	124 885	215 990	103 066

Credit periods vary, but ordinarily the Group and Company does not make use of trade credit facilities. Unpaid amounts are accrued for until settled.

The Group and Company have credit risk policies in place to ensure that all payables are paid within the agreed terms.

Notes to the audited annual financial statements | for the year ended 31 December 2014

22. Revenue

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Revenue	1 000 701	659 128	760 938	464 760
The amount included in revenue consists of the following:				
Registration and tuition fees	924 588	626 848	739 861	451 353
Other income	56 782	25 767	49 571	31 389
Hostel fees	47 845	26 819	3 462	–
Aftercare fees	29 720	21 741	27 442	18 370
Subsidy income	3 014	4 373	–	–
Fundraising income	–	184	–	184
Discounts granted	(61 248)	(46 604)	(59 398)	(36 536)
	1 000 701	659 128	760 938	464 760

23. Earnings before interest and taxation

Earnings before interest and taxation for the year is stated after accounting for the following:

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Operating lease charges				
Premises				
– Contractual amounts	5 490	8 755	15 317	8 665
Equipment				
– Contractual amounts	9 877	8 465	9 508	7 650
	15 367	17 220	24 825	16 315
(Loss) profit on sale of property, plant and equipment	(31)	360	(70)	350
Inter-Group loans written off	–	–	–	26 022
Impairment of investment in subsidiaries	–	–	–	59 734
Amortisation on intangible assets	5 549	5 855	2 165	2 776
Depreciation on property, plant and equipment	52 764	31 111	42 636	25 919
Employee costs	550 076	385 562	434 770	295 055
Hedging gains or losses				
Ineffective portion of cash flow hedges	110	170	110	170

The impairment of the investment in subsidiaries and loan write off's are a result of Woodhill College (Pty) Ltd and Aurora College (Pty) Ltd becoming dormant in the prior year and no longer trading following the divisionalisation of these entities into the Company.

24. Investment revenue

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Dividend revenue				
Subsidiaries – Local	–	–	–	93 040
Interest revenue				
Bank	10 657	3 052	7 070	1 971
Interest charged on trade and other receivables	1 249	750	1 249	1 542
Related parties	–	–	4 659	1 675
	11 906	3 802	12 978	5 188
	11 906	3 802	12 978	98 228

25. Finance costs

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Loans and other financial liabilities	96 633	48 075	54 535	26 880
Trade and other payables	–	1 825	–	1 825
Bank	36	4 011	25	3 972
Related parties	–	1 118	–	1 118
Less: Interest capitalised	(29 842)	(28 830)	(25 755)	(21 688)
	66 827	26 199	28 805	12 107

The capitalisation rate used for the Group and Company during the period was 10.8% and 10.2% respectively (2013: 10.8% for the Group and 11.4% for the Company) on general borrowings for capital projects.

Company

Total interest expense, calculated using the effective interest rate, on financial instruments not through profit or loss amounted to R25.755 million (2013: R 21.688 million).

Group

Total interest expense, calculated using the effective interest rate, on financial instruments not through profit or loss amounted to R29.842 million (2013: R 28.830 million).

Finance costs included in the statements of cash flows represents net finance costs incurred for the year and excludes interest capitalised to property, plant and equipment.

26. Taxation

Major components of the tax expense

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Current				
Local income tax – current period	6 488	5 494	–	–
Local income tax – recognised in current tax for prior periods	10	1 623	–	–
	6 498	7 117	–	–
Deferred				
Originating and reversing temporary differences	21 190	8 467	23 516	5 533
	27 688	15 584	23 516	5 533

Notes to the audited annual financial statements | for the year ended 31 December 2014

26. Taxation (continued)

Reconciliation of the tax expense:

Reconciliation between applicable tax rate and average effective tax rate.

	Group		Company	
	2014	2013	2014	2013
Standard tax rate	28.0%	28.0%	28.0%	28.0%
Non-taxable income	(1.0)%	(175.2)%	–	(416.9)%
Non-deductible expenditure (share-based payment)	2.9%	–	3.1%	–
Non-deductible expenditure (amortisation and other)	0.9%	172.5%	0.2%	412.8%
Current years losses in subsidiaries	3.5%	–	–	–
Prior year tax correction – current tax	1.0%	2.9%	–	–
	35.3%	28.2%	31.3%	23.9%

Company

No provision has been made for 2014 tax as the Company has no taxable income. The estimated tax loss available for set-off against future taxable income is R125.1 million (2013: R123.9 million).

Group

No provision has been made for 2014 tax as the Group has no taxable income. The estimated tax loss available for set-off against future taxable income is R156.1 million (2013: R135.6 million).

27. Operating lease

Total of future minimum lease payments for each of the following periods:

	Group		Company	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Premises				
– within one year	4 311	4 362	4 070	–
– in second to fifth year inclusive	20 100	22 270	19 979	–
– later than five years	34 608	16 082	34 608	–
	59 019	42 714	58 657	–
Equipment				
– within one year	7 997	4 940	7 492	4 798
– in second to fifth year inclusive	17 719	11 331	16 535	10 904
	25 716	16 271	24 027	15 702

28. Other comprehensive income

Components of other comprehensive income

	Group		Company	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Items that may be reclassified to profit or loss				
Effects of cash flow hedges:				
Gross	(2 751)	(489)	(2 751)	(489)
Tax	–	–	–	–
Net	(2 751)	(489)	(2 751)	(489)

29. Earnings per share

	Group	
	2014	2013
	R'000	R'000
Basic earnings per share (cents)		
From continuing operations	17.5	12.9
Basic earnings per share was based on earnings of R54.976 million (2013: R37.049 million) and a weighted average number of ordinary shares of 314.4 million (2013: 287.8 million).		
Reconciliation of profit for the year to basic earnings:		
Profit for the year attributable to owners of the parent	54 975	37 049
Diluted earnings per share		
In the determination of diluted earnings per share, profit or loss attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.		
Diluted earnings per share (cents)		
From continuing operations	17.2	12.8
Diluted earnings per share was based on earnings of R54.976 million (2013: R37.049 million) and a weighted average number of ordinary shares of 319 million (2013: 290.2 million).		
Reconciliation of basic earnings to earnings used to determine diluted earnings per share:		
Basic earnings attributable to owners of the parent	54 975	37 049
Headline earnings and diluted headline earnings per share (cents)		
Headline earnings per share	17.7	12.8
Diluted headline earnings per share	17.4	12.7
Reconciliation between earnings and headline earnings:		
Basic earnings attributable to owners of the parent	54 975	37 049
Adjusted for:		
Loss (profit) on disposal of property, plant and equipment	31	(360)
Loss on impairment	811	–
Tax effect thereon	(236)	101
	55 581	36 790
Reconciliation between diluted earnings and diluted headline earnings:		
Diluted earnings attributable to owners of the parent	54 975	37 049
Adjusted for:		
Loss (profit) on disposal of property, plant and equipment	31	(360)
Loss on impairment	811	–
Tax effect thereon	(236)	101
	55 581	36 790

Earnings per share and headline earnings per share for the comparative period have been adjusted downwards by 0.3 cents compared to the audited annual financial statements for the year ended 31 December 2013. This is due to the retrospective adjustment of the 2014 rights offer undertaken. The adjustment to basic and diluted weighted average number of shares in issue is an increase of 6.6 million shares due to the bonus element contained within the rights offer.

Notes to the audited annual financial statements | for the year ended 31 December 2014

30. Cash generated from operations

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Profit before taxation	78 446	55 305	75 052	23 108
Adjustments for:				
Depreciation and amortisation	58 313	36 966	44 801	28 695
Loss (profit) on sale of property, plant and equipment	31	(360)	70	(350)
Income from equity accounted investments	(1 149)	(1 000)	–	–
Dividends received	–	–	–	(93 040)
Investment revenue	(11 906)	(3 802)	(12 978)	(5 188)
Finance costs	66 827	26 199	28 805	12 107
Impairment	811	–	811	–
Impairment of investment in subsidiaries	–	–	–	59 734
Inter-Group loans written off	–	–	–	26 022
Realised profit from share of profits of associates	(342)	(133)	–	–
Share based payment charge expense	8 111	5 467	8 111	5 467
Changes in working capital:				
Increase in inventories	(10 641)	(2 464)	(10 300)	–
(Increase) decrease in trade and other receivables	(3 046)	4 119	(14 957)	302
Increase (decrease) in trade and other payables	124 251	15 855	100 626	(11 580)
	309 706	136 152	220 041	45 277

Non-cash transactions not reflected in the consolidated statement of cash flows:

During the current year the Company issued ordinary shares to the value of R1.427 million to the previous owners of Waterstone College (Pty) Ltd as part of the purchase consideration for the acquisition. Refer to note 33.

31. Tax paid

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Balance at the beginning of the year	419	(928)	777	165
Current tax for the year recognised in profit or loss	(6 498)	(7 117)	–	–
Adjustment in respect of businesses sold and acquired during the year	(769)	283	–	(1 545)
Balance at the end of the year	(1 229)	(419)	(1 266)	(777)
	(8 077)	(8 181)	(489)	(2 157)

32. Business combinations

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Aggregated business combinations				
Property, plant and equipment	38 444	82 472	38 444	54 892
Intangible assets	8 059	11 586	8 059	–
Other financial assets	–	–	–	49 273
Inventories	–	2 336	–	–
Trade and other receivables	3 796	–	3 796	2 631
Cash and cash equivalents	7 843	1 086	7 843	4 733
Loans and other financial liabilities	(2 214)	–	(2 214)	(1 422)
Deferred tax	(10 056)	(24 899)	(10 056)	–
Current tax payable	–	–	–	(1 545)
Trade and other payables	(12 298)	(7 926)	(12 298)	(39 667)
Total identifiable net assets	33 574	64 655	33 574	68 895
Goodwill	5 983	85 171	5 983	–
	39 557	149 826	39 557	68 895
Consideration paid				
Cash	(39 557)	(149 826)	(39 557)	–
Repayment of loan account	–	–	–	(68 895)
	(39 557)	(149 826)	(39 557)	(68 895)
Net cash outflow on acquisition				
Cash consideration paid	(39 557)	(149 826)	(39 557)	–
Cash acquired	7 843	1 086	7 843	4 733
	(31 714)	(148 740)	(31 714)	4 733

Grantleigh

On 1 January 2014, the Group acquired the business operations of Grantleigh which resulted in the Group obtaining control over Grantleigh. Grantleigh is principally involved in the private school industry in Northern KwaZulu-Natal Province.

No goodwill have been recognised, but intangible assets which qualified for separate recognition have been recognised in compliance with the requirements of IFRS 3 *Business Combinations*.

Startright Education

On 2 July 2014, the Group acquired the business operations of Startright Education (“Startright”) which resulted in the Group obtaining control over Startright. Startright is principally involved in the private nursery school industry in Krugersdorp, Gauteng Province.

Goodwill of R1.9 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

Notes to the audited annual financial statements | for the year ended 31 December 2014

32. Business combinations *(continued)*

Kiddo Private School

On 1 August 2014, the Group acquired the business operations of Kiddo Private School ("Kiddo") which resulted in the Group obtaining control over Kiddo. Kiddo is principally involved in the private nursery school industry in George, Western Cape Province.

Goodwill of R1.9 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

Mountaintop Pre-school

On 1 August 2014, the Group acquired the business operations of Mountaintop Pre-school ("Mountaintop") which resulted in the Group obtaining control over Mountaintop. Mountaintop is principally involved in the private nursery school industry in George, Western Cape Province.

Goodwill of R2.2 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

Aggregated business combinations occurring after the end of the reporting period

St Dominics Academy

Effective 1 January 2015, Curro will acquire the business operations and properties of St Dominics Academy ("St Dominics") for a purchase consideration of approximately R10 million. St Dominics is principally involved in the private school industry in Newcastle, KwaZulu-Natal Province.

The value of the assets and liabilities of the business acquired are not available as yet.

33. Acquisition of subsidiaries (business combination)

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Fair value of assets acquired				
Property, plant and equipment	100 087	293	–	–
Intangible assets	13 412	22 545	–	–
Deferred tax liabilities	(15 098)	(1 660)	–	–
Inventories	–	2 017	–	–
Trade and other receivables	943	6 625	–	–
Trade and other payables	(12 145)	(6 757)	–	–
Tax assets (liabilities)	(769)	283	–	–
Borrowings	(24 994)	(2 096)	–	–
Cash	10 620	(364)	–	–
Total identifiable net assets	72 056	20 886	–	–
Goodwill recognised	60 152	37 716	–	–
	132 208	58 602	–	–
Consideration paid				
Cash	(100 781)	(52 288)	(100 781)	(52 288)
Equity – 55 000 ordinary shares in Curro Holdings Ltd	(1 427)	–	(1 427)	–
Liabilities assumed	(30 000)	(6 314)	(30 000)	(6 314)
	(132 208)	(58 602)	132 208	(58 602)
Net cash outflow on acquisition				
Cash consideration paid	(100 781)	(52 288)	(100 781)	(52 288)
Cash acquired	10 620	(364)	–	–
	(90 161)	(52 652)	(100 781)	(52 288)

Waterstone College (Pty) Ltd

On 2 June 2014 the Group acquired 100% of the equity interest of Waterstone College (Pty) Ltd (“Waterstone”). Waterstone is principally involved in the private school industry in Johannesburg South, Gauteng Province.

Goodwill of R57.9 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

The business acquisition contributed R32.8 million to Group revenue and generated R3 million profit after taxation.

Embury Institute for Teacher Education (Pty) Ltd

The second and final purchase consideration was paid during 2014 resulting in additional goodwill of R2.2 million recognised.

Notes to the audited annual financial statements | for the year ended 31 December 2014

34. Commitments and contingencies

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Authorised capital expenditure				
Contracted	76 510	119 000	76 510	119 000
Not yet contracted	687 860	–	448 750	–

Any capital expenditure will be financed through the share issue as disclosed in events after the reporting period and borrowing facilities where necessary.

Guarantee in favour of Rand Merchant Bank

Curro has provided a guarantee of R10 million plus costs and interest to for the completion of the entrance road of the Curro Serengeti. The owner of the estate is responsible for this cost, but Curro had to provide a guarantee for the financing.

35. Related parties

Relationships:

Ultimate holding company – PSG Group Ltd
Holding company – PSG Financial Services Ltd

Related party balances:

Loan accounts owing (to) by related parties

Campus and Property Management Company (Pty) Ltd	–	–	61 777	101 409
Curro Holdings Limited Share Incentive Trust	–	–	7 497	2 328
Dream Park Village (Pty) Ltd	–	–	3 181	3 181
Embury Institute for Teacher Education (Pty) Ltd	–	–	(6 668)	(448)
Plot One Hundred Bush Hill (Pty) Ltd	–	–	18 869	18 010
Professional Sourcing and Procurement Assist (Pty) Ltd	6 007	5 547	6 007	5 547
Stratland Developments (Pty) Ltd	–	–	901	901
Waterstone College (Pty) Ltd	–	–	8 000	–
Woodhill College Property Holdings (Pty) Ltd	–	–	42 072	52 945

Amounts included in trade receivables regarding related parties

Campus and Property Management Company (Pty) Ltd	–	–	1 803	4 724
Meridian Operations Company (RF) NPC	–	–	765	545
Plot One Hundred Bush Hill (Pty) Ltd	–	–	1 776	1 776
Professional Sourcing and Procurement Assist (Pty) Ltd	1 829	573	1 829	573
Woodhill College Property Holdings (Pty) Ltd	–	–	19 188	4 521

35. Related parties (continued)

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Related party balances: (continued)				
Amounts included in trade payables regarding related parties				
Campus and Property Management Company (Pty) Ltd	–	–	(20)	–
Meridian Operations Company (RF) NPC	–	–	(17)	–
Plot One Hundred Bush Hill (Pty) Ltd	–	–	(3 552)	(1 776)
Professional Sourcing and Procurement Assist (Pty) Ltd	(20 399)	(2 450)	(18 830)	(2 450)
PSG Corporate Services (Pty) Ltd	(215)	(25)	(215)	(25)
Woodhill College Property Holdings (Pty) Ltd	–	–	(234)	(13 755)
Related party transactions:				
Interest paid to (received from) related parties				
Campus and Property Management Company (Pty) Ltd	–	–	(473)	–
Curro Holdings Limited Share Incentive Trust	–	–	(219)	(33)
Professional Sourcing and Procurement Assist (Pty) Ltd	(460)	–	(460)	–
PSG Corporate Services (Pty) Ltd	–	1 118	–	1 118
Woodhill College Property Holdings (Pty) Ltd	–	–	(3 507)	(1 675)
Purchases from related parties				
Professional Sourcing and Procurement Assist (Pty) Ltd	66 760	–	56 419	–
Administration fees paid to related parties				
Professional Sourcing and Procurement Assist (Pty) Ltd	–	503	–	503
PSG Corporate Services (Pty) Ltd	719	1 542	719	1 542
Share issue costs paid to related parties				
PSG Corporate Services (Pty) Ltd	6 993	9 081	6 993	9 081
Management fees received from related parties				
Campus and Property Management Company (Pty) Ltd	–	–	(6 747)	(5 370)
Meridian Operations Company (RF) NPC	–	–	(1 747)	(1 342)
Plot One Hundred Bush Hill (Pty) Ltd	–	–	–	(1 558)
Woodhill College Property Holdings (Pty) Ltd	–	–	–	(3 966)
Rent paid to (received from) related parties				
Plot One Hundred Bush Hill (Pty) Ltd	–	–	1 246	779
Professional Sourcing and Procurement Assist (Pty) Ltd	(1 604)	–	(1 604)	–
Woodhill College Property Holdings (Pty) Ltd	–	–	11 710	6 033
Discounts granted to related parties				
Employee discounts	17 240	9 967	16 751	9 967
Compensation to directors and other key management				
Short-term employee benefits	10 371	5 948	10 371	5 948

Notes to the audited annual financial statements | for the year ended 31 December 2014

36. Directors' emoluments

Executive

	Emoluments R'000	Pension paid R'000	Bonuses R'000	Gains on exercise of options R'000	Total R'000
2014					
AJF Greyling	1 545	55	946	4 116	6 662
HG Louw	1 321	79	878	2 813	5 091
B van der Linde	1 337	63	868	2 372	4 640
Dr CR van der Merwe	1 953	47	1 279	4 865	8 144
	6 156	244	3 971	14 166	24 537

	Emoluments R'000	Pension paid R'000	Bonuses R'000	Gains on exercise of options R'000	Total R'000
2013					
AJF Greyling	1 060	43	597	2 547	4 247
HG Louw	970	31	279	1 737	3 017
B van der Linde	970	29	321	1 466	2 786
Dr CR van der Merwe	1 128	49	623	2 978	4 778
	4 128	152	1 820	8 728	14 828

Non-executive

	Directors' fees R'000	Total R'000
2014		
SL Botha	360	360
ZL Combi	200	200
PJ Mouton	200	200
Dr SWF Muthwa	180	180
B Petersen	200	200
	1 140	1 140

	Directors' fees R'000	Total R'000
2013		
SL Botha	251	251
ZL Combi	135	135
PJ Mouton	106	106
Dr SWF Muthwa	91	91
B Petersen	170	170
JA le Roux	74	74
MC Mehl	11	11
	838	838

37. Categories of financial instruments

	Note(s)	Financial assets at fair value through profit or loss R'000	Financial assets at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Categories of financial instruments							
Group – 2014							
Assets							
Non-current assets							
Property, plant and equipment	4	–	–	–	–	3 338 185	3 338 185
Goodwill	5	–	–	–	–	337 883	337 883
Intangible assets	6	–	–	–	–	121 320	121 320
Investments in associates	8	–	–	–	–	8 624	8 624
Other financial assets	10	–	7 414	–	–	–	7 414
		–	7 414	–	–	3 806 012	3 813 426
Current assets							
Inventories	13	–	–	–	–	17 458	17 458
Loans to group companies	9	–	6 007	–	–	–	6 007
Current tax receivable		–	–	–	–	2 805	2 805
Trade and other receivables	14	–	25 808	–	–	12 208	38 016
Cash and cash equivalents	15	–	195 305	–	–	–	195 305
		–	227 120	–	–	32 471	259 591
Total assets		–	234 534	–	–	3 838 483	4 073 017
Equity and Liabilities							
Equity							
Equity attributable to equity Holders of parent:							
Share capital	16	–	–	–	–	2 092 124	2 092 124
Reserves		–	–	–	–	8 735	8 735
Retained income		–	–	–	–	110 713	110 713
		–	–	–	–	2 211 572	2 211 572
Non-controlling interest		–	–	–	–	(1 038)	(1 038)
Total equity		–	–	–	–	2 210 534	2 210 534

Notes to the audited annual financial statements | for the year ended 31 December 2014

37. Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss R'000	Financial assets at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Liabilities							
Non-current liabilities							
Loans and other financial liabilities	19	-	-	3 520	1 391 884	-	1 395 404
Deferred tax	12	-	-	-	-	165 625	165 625
		-	-	3 520	1 391 884	165 625	1 561 029
Current liabilities							
Loans and other financial liabilities	19	-	-	-	26 299	-	26 299
Current tax payable		-	-	-	-	1 576	1 576
Trade and other payables	21	-	-	-	273 210	368	273 578
		-	-	-	299 509	1 944	301 453
Total liabilities		-	-	3 520	1 691 393	167 569	1 862 482
Total equity and liabilities		-	-	3 520	1 691 393	2 378 103	4 073 016
Categories of financial instruments							
Group – 2013							
Assets							
Non-current assets							
Property, plant and equipment	4	-	-	-	-	2 131 811	2 131 811
Goodwill	5	-	-	-	-	271 748	271 748
Intangible assets	6	-	-	-	-	97 607	97 607
Investments in associates	8	-	-	-	-	7 133	7 133
Loans to group companies	9	-	5 547	-	-	-	5 547
Other financial assets	10	-	2 328	-	-	-	2 328
		-	7 875	-	-	2 508 299	2 516 174
Current assets							
Inventories	13	-	-	-	-	6 817	6 817
Current tax receivable		-	-	-	-	1 592	1 592
Trade and other receivables	14	-	15 067	-	-	15 164	30 231
Cash and cash equivalents	15	-	78 933	-	-	-	78 933
		-	94 000	-	-	23 573	117 573
Total assets		-	101 875	-	-	2 531 872	2 633 747

37. Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss R'000	Financial assets at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Equity and Liabilities							
Equity							
Equity attributable to equity holders of parent:							
Share capital	16	–	–	–	–	1 500 671	1 500 671
Reserves	16	–	–	–	–	7 310	7 310
Retained income	16	–	–	–	–	52 218	52 218
		–	–	–	–	1 560 199	1 560 199
Non-controlling interest		–	–	–	–	3 179	3 179
Total equity		–	–	–	–	1 563 378	1 563 378
Liabilities							
Non-current liabilities							
Loans and other financial liabilities	19	–	–	527	754 486	–	755 013
Deferred tax	12	–	–	–	–	119 281	119 281
		–	–	527	754 486	119 281	874 294
Current liabilities							
Loans and other financial liabilities	19	–	–	132	69 885	–	70 017
Current tax payable		–	–	–	–	1 173	1 173
Trade and other payables	21	–	–	–	123 347	1 551	124 898
		–	–	132	193 232	2 724	196 088
Total liabilities		–	–	659	947 718	122 005	1 070 382
Total equity and liabilities		–	–	659	947 718	1 685 383	2 633 760

Notes to the audited annual financial statements | for the year ended 31 December 2014

37. Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss R'000	Financial assets at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Categories of financial instruments							
Company – 2014							
Assets							
Non-current assets							
Property, plant and equipment	4	–	–	–	–	2 522 947	2 522 947
Goodwill	5	–	–	–	–	52 094	52 094
Intangible assets	6	–	–	–	–	41 807	41 807
Investments in subsidiaries	7	–	–	–	–	357 262	357 262
Investments in associates	8	–	–	–	–	6 000	6 000
Loans to group companies	9	–	65 631	–	–	–	65 631
		–	65 631	–	–	2 980 110	3 045 741
Current assets							
Inventories	13	–	–	–	–	10 300	10 300
Loans to group companies	9	–	82 673	–	–	–	82 673
Current tax receivable		–	–	–	–	1 266	1 266
Trade and other receivables	14	–	36 008	–	–	4 105	40 113
Cash and cash equivalents	15	–	157 406	–	–	–	157 406
		–	276 087	–	–	15 671	291 758
Total assets		–	341 718	–	–	2 995 781	3 337 499
Equity and liabilities							
Equity							
Equity attributable to equity holders of parent:							
Share capital	16	–	–	–	–	2 092 124	2 092 124
Reserves	16	–	–	–	–	8 735	8 735
Retained income	16	–	–	–	–	64 683	64 683
Total equity		–	–	–	–	2 165 542	2 165 542
Liabilities							
Non-current liabilities							
Loans and other financial liabilities	19	–	–	3 520	846 118	–	849 638
Deferred tax	12	–	–	–	–	73 362	73 362
		–	–	3 520	846 118	73 362	923 000

37. Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss R'000	Financial assets at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Equity and non financial assets and liabilities R'000	Total R'000
Current Liabilities							
Loans from group companies	9	–	–	–	6 668	–	6 668
Loans and other financial liabilities	19	–	–	–	26 299	–	26 299
Trade and other payables	21	–	–	–	215 769	221	215 990
		–	–	–	248 736	221	248 957
Total liabilities		–	–	3 520	1 094 854	73 583	1 171 957
Total equity and liabilities		–	–	3 520	1 094 854	2 239 125	3 337 499
Categories of financial instruments							
Company – 2013							
Assets							
Non-current assets							
Property, plant and equipment	4	–	–	–	–	1 586 259	1 586 259
Goodwill	5	–	–	–	–	46 111	46 111
Intangible assets	6	–	–	–	–	29 114	29 114
Investments in subsidiaries	7	–	–	–	–	225 054	225 054
Investments in associates	8	–	–	–	–	6 000	6 000
Loans to group companies	9	–	50 775	–	–	–	50 775
		–	50 775	–	–	1 892 538	1 943 313
Current assets							
Loans to group companies	9	–	133 546	–	–	–	133 546
Current tax receivable		–	–	–	–	1 435	1 435
Trade and other receivables	14	–	18 912	–	–	2 448	21 360
Cash and cash equivalents	15	–	53 192	–	–	–	53 192
		–	205 650	–	–	3 883	209 533
Total assets		–	256 425	–	–	1 896 421	2 152 846
Equity and liabilities							
Equity							
Equity attributable to equity holders of parent:							
Share capital	16	–	–	–	–	1 500 671	1 500 671
Reserves	16	–	–	–	–	7 310	7 310
Retained income	16	–	–	–	–	9 627	9 627
Total equity		–	–	–	–	1 517 608	1 517 608

Notes to the audited annual financial statements | for the year ended 31 December 2014

37. Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss R'000	Financial assets at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Liabilities							
Non-current liabilities							
Loans and other financial liabilities	19	-	-	527	420 730	-	421 257
Deferred tax	12	-	-	-	-	39 792	39 792
		-	-	527	420 730	39 792	461 049
Current liabilities							
Loans from group companies	9	-	-	-	448	-	448
Loans and other financial liabilities	19	-	-	132	69 885	-	70 017
Current tax payable		-	-	-	-	658	658
Trade and other payables	21	-	-	-	102 662	404	103 066
		-	-	132	172 995	1 062	174 189
Total liabilities		-	-	659	593 725	40 854	635 238
Total equity and liabilities		-	-	659	593 725	1 558 462	2 152 846

38. Risk management

Capital risk management

The Group and Company's objectives when managing capital are to safeguard the Group and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group and Company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 9, 19 and 20 with cash and cash equivalents disclosed in note 15, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2014 and 2013 respectively were as follows:

	Note(s)	Group		Company	
		2014 R'000	2013 R'000	2014 R'000	2013 R'000
Total borrowings					
Loans from related parties	9	–	–	6 668	448
Other financial liabilities	19	1 421 703	825 030	875 937	491 274
		1 421 703	825 030	882 605	491 722
Cash and cash equivalents	15	(195 305)	(78 933)	(157 406)	(53 192)
Net debt		1 226 398	746 097	725 199	438 530
Total equity		2 210 534	1 563 378	2 165 542	1 517 608
Total capital		3 436 932	2 309 475	2 890 741	1 956 138
Gearing ratio		36%	32%	25%	22%

Liquidity risk

The Group and Company's risk to liquidity is a result of the funds available to cover future commitments. The Group and Company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the Group and Company's financial assets and liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the audited annual financial statements | for the year ended 31 December 2014

38. Risk management (continued)

	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
Group			
At 31 December 2014			
Borrowings	(26 299)	(783 968)	(607 916)
Derivative financial instruments	–	(3 520)	–
Trade and other payables	(273 210)	–	–
Trade and other receivables	25 808	–	–
Loans to group companies	6 007	–	–
Other financial assets	7 414	–	–
At 31 December 2013			
Borrowings	(69 753)	(313 853)	(440 765)
Derivative financial instruments	(132)	(527)	–
Trade and other payables	(123 347)	–	–
Trade and other receivables	15 067	–	–
Loans to group companies	5 547	–	–
Other financial assets	2 328	–	–
Company			
At 31 December 2014			
Borrowings	(26 299)	(736 489)	(113 149)
Derivative financial instruments	–	(3 520)	–
Trade and other payables	(215 769)	–	–
Trade and other receivables	36 008	–	–
Loans to subsidiaries and associates	141 636	–	–
At 31 December 2013			
Borrowings	(69 753)	(286 406)	(134 456)
Derivative financial instruments	(132)	(527)	–
Trade and other payables	(102 662)	–	–
Trade and other receivables	18 912	–	–
Loans to subsidiaries and associates	184 321	–	–

38. Risk management *(continued)*

Interest rate risk

As the Group and Company has no significant interest bearing assets, the Group and Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Group and Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group and Company to cash flow interest rate risk. The interest and related terms of the Group and Company's interest-bearing loans are disclosed in note 19.

The Group and Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group and Company calculates the impact on profit and loss of a defined interest rate shift.

Interest rate sensitivity analysis

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on pre-tax profit of a shift of 100 basis points in the interest rate would result in a decrease in profit of R7.1 million (2013: R5.9 million) for the Group and R2.1 million (2013: R2.6 million) for the Company. A 100 basis points decrease in the interest rate would have a equal, but opposite effect on profit or loss.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principle amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposure on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit inherent in the contract, and is disclosed in note 19.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Group and Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Due to the long-term nature of the service provided, the threat of suspension of said services prove to be a strong factor in encouraging customers to settle their dues. In addition there are certain retention rights that can be effectively used in order to effect performance. At 31 December 2014, the Group and Company did not consider there to be any significant concentration of credit risk which had not been adequately provided for. The provision raised against trade receivables represent the maximum credit risk the Group and Company expect.

Foreign exchange risk

The Group and Company does not trade in foreign currency or incur any expenditure in foreign currency and as such have no foreign currency risk.

Notes to the audited annual financial statements | for the year ended 31 December 2014

39. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group and Company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 2

Recurring fair value measurements:

	Note(s)	Group		Company	
		2014 R'000	2013 R'000	2014 R'000	2013 R'000
Liabilities					
Financial liabilities at fair value through profit or loss	19				
Interest rate swaps		3 520	659	3 520	659
Total		3 520	659	3 520	659

Valuation techniques used to derive level 2 fair values

The discounted cash flow valuation technique is used to calculate level 2 fair values. Future cash flows are estimated based on forward interest rates and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

Fair value of the Group and Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis:

	2014		2013	
	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Financial assets				
Group				
Trade and other receivables	42 160	38 016	32 720	30 231
Company				
Trade and other receivables	43 699	40 113	23 440	21 360

40. Going concern

The consolidated and separate annual financial statements have been prepared on the going concern basis since the directors have every reason to believe the Company and Group have adequate resources in place to continue in operation for the foreseeable future.

41. Events after the reporting period

Subsequent to year-end, the following transactions took place:

- Effective 1 January 2015, Curro acquired the business operations and properties of St Dominics Academy for a purchase consideration of approximately R10 million. The value of the assets and liabilities of the business acquired are not available as yet.
- On 17 February 2015 the Company announced that it intends to raise approximately R740 million by way of a underwritten renounceable rights offer of 29.6 million new Curro ordinary shares to qualifying shareholders at a subscription price of R25.00 per rights offer share, in the ratio of one rights offer share for every 11 Curro ordinary shares held on the rights offer record date, being 17 April 2015.

There are no other significant events that have occurred since 31 December 2014 that require disclosure in the annual financial statements. The events above do not affect the current financial period.

42. Range of shareholding

Range of shareholding	Number of shares held	%	Number of shares held	%
	2014		2013	
1 to 500	634 383	0.2	490 890	0.2
501 to 1 000	1 052 021	0.3	781 463	0.3
1 001 to 5 000	7 891 178	2.4	6 120 485	2.1
5 001 to 10 000	6 097 883	1.9	4 881 460	1.7
10 001 and over	309 921 024	95.2	282 520 093	95.7
	325 596 489	100.0	294 794 391	100.0

Public and non-public shareholding	Number of shares held	%	Number of shares held	%
	2014		2013	
PSG Financial Services Ltd	185 907 466	57.1	168 280 573	57.1
Directors	7 653 600	2.4	6 902 929	2.3
Total non-public shareholding	193 561 066	59.5	175 183 502	59.4
Total public shareholding	132 035 423	40.5	119 610 889	40.6
	325 596 489	100.0	294 794 391	100.0

Number of public and non-public shareholders	Number of shareholders	%	Number of shareholders	%
	2014		2013	
Non-public	7	0.1	6	0.1
Public	9 503	99.9	7 189	99.9
	9 510	100.0	7 195	100.0

Individual shareholders holding more than 5%	Number of shares held	%	Number of shares held	%
	2014		2013	
PSG Financial Services Ltd	185 907 466	57.1	168 280 573	57.1
Thembeke Market Holdings (Pty) Ltd	25 911 541	8.0	26 911 541	8.8
	211 819 007	65.1	195 192 114	65.9

Notice of annual general meeting of Curro shareholders | for the year ended 31 December 2014

Notice is hereby given of the annual general meeting of shareholders of Curro to be held at Spier Wine Estate, Baden Powell Drive, Stellenbosch at 09h10 on Friday, 19 June 2015 ("the AGM").

Purpose

The purpose of the AGM is to transact the business set-out in the agenda below.

Agenda

1. Presentation of the audited annual financial statements of Curro and its subsidiaries, including the reports of the directors and the Audit and Risk Committee for the year ended 31 December 2014.
2. To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

Note:

For any of the ordinary resolutions numbers 1 to 6 (inclusive) and 8 to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 7 to be adopted, at least 75% of the voting rights exercised on such resolution must be exercised in favour thereof.

2.1 Retirement and re-election of directors

2.1.1 Ordinary resolution number 1

"Resolved that Ms Susan Louise (Santie) Botha, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible and offering herself for re-election, be and is hereby re-elected as Director."

Summary curriculum vitae of Ms Susan Louise Botha ("Santie")

Santie is currently the Chancellor of Nelson Mandela Metropolitan University in Port Elizabeth. She serves as a non-executive director on the boards of Liberty Holdings Ltd, Tiger Brands Ltd and Telkom Ltd and as Chairperson of Famous Brands Ltd. Santie has broad knowledge and experience in different sectors ranging from banking (Executive Director: ABSA Bank, 1996 to 2003) to telecommunications (Executive Director: Marketing: MTN, 2003 to 2010). In 2010, Santie received the South African Business Woman of the Year Award.

Qualifications: BEcon and BEcon (Hons)

2.1.2 Ordinary resolution number 2

"Resolved that Mr Zitulele Luke (KK) Combi, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible and offering himself for re-election, be and is hereby re-elected as Director."

Summary curriculum vitae of Mr Zitulele Luke Combi ("KK")

KK serves as a non-executive director of various listed and unlisted companies, including PSG Group Ltd and is also the Chairman of Pioneer Food Group Ltd. He has broad knowledge and experience of business in different industries and has been active as an entrepreneur since 1995.

Qualifications: Diploma in Public Relations, member of the Institute of Directors South Africa

The reason for ordinary resolutions numbers 1 and 2 is that the memorandum of incorporation of the Company and, to the extent applicable, the Companies Act 71 of 2008, as amended ("the Companies Act"), requires that a component of the non-executive directors rotate at the AGM and, being eligible, may offer themselves for re-election as directors.

2.2 Re-appointment of the members of the Audit and Risk Committee of the Company

Note:

For the avoidance of doubt, all references to the Audit and Risk Committee of the Company is a reference to the Audit Committee as contemplated in the Companies Act.

2.2.1 Ordinary resolution number 3

"Resolved that Mr Barend Petersen, being eligible, be and is hereby re-appointed as a member and Chairman of the Audit and Risk Committee of the Company, as recommended by the Board of Directors of the Company, until the next annual general meeting of the Company."

Summary curriculum vitae of Mr Barend Petersen ("Barend")

Barend, a chartered accountant, has broad international business experience in mining, finance, auditing, the oil industry, energy, government relations, business turnarounds, corporate recovery, consulting and corporate governance. Barend is the executive Chairman of De Beers Consolidated Mines and is also a non-executive director of various listed and unlisted companies including Anglo American South Africa Ltd, Alexander Forbes Group Ltd and the Chairman of Sizwe Business Recoveries (Pty) Ltd (founded by him in 1997).

Qualifications: CA(SA)

2.2.2 Ordinary resolution number 4

"Resolved that Dr Sibongile Winnie Frieda Muthwa, being eligible, be and is hereby re-appointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of Directors of the Company, until the next annual general meeting of the Company."

Summary curriculum vitae of Dr Sibongile Winnie Frieda Muthwa ("Sibongile")

Sibongile has international business experience in non-government, development and public sectors, as well as in academia. Currently she is the Deputy Vice Chancellor: Institutional Support at the Nelson Mandela Metropolitan University. Sibongile serves as a non-executive director on the boards of the Seriti Institute NPC and the University Sports Company (Pty) Ltd. She is on the board of trustees of the Women in Dialogue Trust and a Commissioner for the Financial and Fiscal Commission. Between 2004 and 2010 Sibongile served as the Director General of the Eastern Cape Provincial Government.

Qualifications: BA (SW) (Fort Hare), BA (SW) Hons (Wits), MSc (SPPDC), PhD (London)

2.2.3 Ordinary resolution number 5

"Resolved that, subject to the approval of ordinary resolutions number 2 above, Mr Zitulele Luke (KK) Combi, being eligible, be and is hereby re-appointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of Directors of the Company, until the next annual general meeting of the Company."

A summary curriculum vitae of Mr Combi has been included in paragraph 2.1.2 of this notice of AGM.

The reason for ordinary resolutions numbers 3 to 5 (inclusive) is that the Company, being a public listed company, must appoint an Audit Committee and the Companies Act requires that the members of such Audit Committee be appointed, or re-appointed, as the case may be, at each annual general meeting of the Company.

2.3 Re-appointment of auditor

Ordinary resolution number 6

"Resolved that Deloitte & Touche Inc be and is hereby re-appointed as the auditor of the Company for the ensuing year on the recommendation of the Audit and Risk Committee of the Company."

The reason for ordinary resolution number 6 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the Company, as required by the Companies Act.

2.4 General authority to issue ordinary shares for cash

Ordinary resolution number 7

"Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Listings Requirements of the JSE Ltd ("the JSE"), and subject to the provision that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 10% of the issued share capital of the Company at the date of this notice of AGM, provided that:

- The approval shall be valid until the date of the next annual general meeting of the Company, provided it shall not extend beyond fifteen months from the date of this resolution;
- The general issues of shares for cash in any one financial year may not exceed, in the aggregate, 10% of the Company's issued share capital (number of securities) of that class as at the date of this notice

Notice of annual general meeting of Curro shareholders | for the year ended 31 December 2014

of AGM, it being recorded that ordinary shares issued pursuant to a rights offer or in consideration for acquisitions or shares issued to the Curro Holdings Limited Share Incentive Trust (Trust) or options granted by the Trust in accordance with the Listings Requirements of the JSE shall not diminish the number of ordinary shares that comprise the 10% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM 10% of the issued ordinary shares of the Company amounts to 35 519 617 ordinary shares;

- In determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30 business day period;
- Any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties; and
- Any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- If the issued securities represent, on a cumulative basis, 5% or more of the number of securities in issue, prior to that issue, an announcement containing full details of such issue shall be published on SENS."

For listed entities wishing to issue shares for cash (other than issues by way of rights offers and/or in consideration for acquisitions and/or to share incentive schemes which schemes have been duly approved by the JSE and by the shareholders of the Company), it is necessary for the Board to obtain the prior authority of the shareholders in accordance with the Listings Requirements of the JSE and the memorandum of incorporation of the Company. The reason for ordinary resolution number 7 is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements of the JSE and the memorandum of incorporation of the Company.

At least 75% of the shareholders present in person or by proxy and entitled to vote at the AGM must cast their vote in favour of this resolution.

3. To consider and, if deemed fit, approve, with or without modification, the following special resolutions:

Note:

For the special resolutions to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

3.1 Remuneration of non-executive directors

Special resolution number 1

"Resolved in terms of section 66(9) of the Companies Act that the Company be and is hereby authorised to remunerate its non-executive directors for their services as directors on the basis set out below, provided that this authority will be valid until the next annual general meeting of the Company."

	Annual fee 2015
Board	
Chairperson of the Board	R374 000
Board members	R149 800
Members of Board Committees	
Audit and Risk Committee	R42 800
Remuneration Committee	R21 400
Social and Ethics Committee	R21 400
Additional fee payable to the Chairpersons of the Board Committees	
Audit and Risk Committee	R21 400
Remuneration committee	R10 700
Social and ethics committee	R10 700

Notes:

(1) Fees are paid for serving as directors and are not based on meetings attended.

(2) The fees are to be paid bi-annually.

(3) Fees relating to members of the Remuneration Committee shall apply to any other Board Committee that may be formed from the date of this AGM until the next AGM of the Company.

The reason for special resolution number 1 is for the Company to obtain the approval of shareholders, by way of a special resolution, for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1 is that the Company will be able to pay its non-executive directors for the services they render to the Company as directors without requiring further shareholder approval until the next annual general meeting of the Company.

3.2 Inter-company and related financial assistance

3.2.1 Special resolution number 2: Inter-company financial assistance

“Resolved in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance (“**financial assistance**” will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the Board of the Company may deem fit to any company or corporation that is related or inter-related (“**related**” or “**inter-related**” will herein have the meaning attributed to it in section 2 of the Companies Act) to the Company, on the terms and conditions and for amounts that the Board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company.”

The reason for and effect of special resolution number 2 is to grant the Directors of the Company the authority, until the next annual general meeting, to provide direct or indirect financial assistance to any Company or corporation which is related or inter-related to the Company. This means that the Company is authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

3.2.2 Special resolution number 3: Financial assistance for the subscription and/or the acquisition of shares in the Company or a related or inter-related company

“Resolved that, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance (“**financial assistance**” will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the Board of the Company may deem fit to any person (including a juristic person) for purposes of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company (“**related**” or “**inter-related**” will herein have the meaning attributed to it in section 2 of the Companies Act), on the terms and conditions and for amounts that the Board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company.”

The reason for and effect of special resolution number 3 is to grant the Directors the authority, until the next annual general meeting, to provide financial assistance to any person for purposes of, or in connection with, the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation. This means that the Company is authorised, *inter alia*, to grant loans to any person (including its subsidiaries) or to guarantee and furnish security for the debt of any person where any such financial assistance is directly or indirectly related to that person subscribing for options, shares or securities in the Company or its subsidiaries or purchasing options, shares or securities in the Company or its subsidiaries. A typical example of where the Company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

3.3 Share repurchases by the Company and its subsidiaries

Special resolution number 4

“Resolved, as a special resolution, that the Company and the subsidiaries of the Company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the

Notice of annual general meeting of Curro shareholders | for the year ended 31 December 2014

provisions of section 46 and 48 of the Companies Act, the memorandum of incorporation of the Company and the Listings Requirements of the JSE, including, *inter alia*, that:

- The general repurchase of the shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the Company and the counterparty;
- This general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond 15 months from the date of this resolution;
- An announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- The general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the Company's issued share capital at the time the authority is granted;
- A resolution has been passed by the Board of Directors approving the repurchase, that the Company and its subsidiaries have satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the Group;
- The general repurchase is authorised by the Company's memorandum of incorporation;
- Repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five business day period;
- The Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf;
- The Company and/or its subsidiaries may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless a repurchase programme, as contemplated in terms of 5.72(h) of the Listings Requirements of the JSE, have been submitted to the JSE in writing and executed by an independent third party.

The reason for and effect of special resolution number 4 is to grant the Directors a general authority in terms of its memorandum of incorporation and the Listings Requirements of the JSE for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company on the basis reflected in special resolution number 4.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not collectively hold more than 10%, in aggregate, of the number of the issued shares of a Company. For the avoidance of doubt, a pro rata repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

3.4 Amendments to memorandum of incorporation

Special resolution number 5 – Amendment to the memorandum of incorporation of the Company in relation to Board administration

"Resolved, as a special resolution, that the memorandum of incorporation of the Company be and is hereby amended by the deletion of the existing article 28.9.4 in its entirety, and the substitution thereof with the following new clause 28.9.4:

'28.9.4 all resolutions passed by the Board in terms of clauses 28.4.1, 28.4.2, 28.7.3 and during meetings of the board, are to be kept, consecutively numbered, either electronically, in the files of the Company, or pasted in a permanently bound book or books.' "

The reason for special resolution number 5 is to obtain the required approval from shareholders to amend the memorandum of incorporation of the Company to allow the Company to improve the effectiveness of its Board administration.

The effect of special resolution number 5 is that the Company will have the necessary authority to amend the memorandum of incorporation in the manner set-out in special resolution number 5, which amendments

have also been approved by the JSE.

3.5 Authority to increase the authorised share capital of the Company and amendment to the memorandum of incorporation of the Company

Special resolution number 6 – Authority to increase the authorised share capital of the Company and amendment to the memorandum of incorporation of the Company

“Resolved, as a special resolution, that the authorised share capital of the Company, comprising of 400 000 000 ordinary shares of no par value each, be increased by the creation of a further 200 000 000 ordinary shares of no par value each, which shares will rank *pari passu* in all respects with the existing shares in the ordinary share capital of the Company, so as to result in a total of 600 000 000 authorised ordinary shares of no par value in the authorised share capital of the Company and that the memorandum of incorporation of the Company be amended by the deletion of Schedule 1 thereof, in its entirety, and the substitution thereof as follows:

‘CLASSES OF SHARES

600 000 000 ordinary no par value shares each of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to –

- vote on any matter to be decided by the Shareholders and to 1 (one) vote per ordinary share held in the case of a vote by means of a poll;
- participate proportionally in any distribution made by the Company; and
- receive proportionally the net assets of the Company upon its liquidation.”

The reason for special resolution number 6 is to obtain the required approval from shareholders to increase the ordinary share capital of the Company and to amend the memorandum of incorporation of the Company to make provision for the increase in the Company’s share capital.

The effect of special resolution number 6 is that the Company will have the necessary authority to increase its share capital and to amend the memorandum of incorporation in the manner set out in special resolution number 6, which amendments have also been approved by the JSE.

3.6 Amendments to the memorandum of incorporation of the Company

Special resolution number 7 – Amendment to the memorandum of incorporation of the Company in relation to the issue of shares

“Resolved, as a special resolution, that the memorandum of incorporation of the Company be and is hereby amended by the deletion of the existing clause number 6, in its entirety, and the substitution thereof with the following new clause 6:

‘6.1 The Company is authorised to issue –

- 6.1.1 such number of such class of Shares as is set out in Schedule 1 hereto, subject to the preferences, rights, limitations and other terms associated with such class set out therein;
- 6.1.2 such number of each of such further classes of Shares, if any, as are set out in Schedule 1 hereto with the preferences, rights, limitations and other terms associated with each such class set out therein, subject to the JSE Listings Requirements.

6.2 The power of the Board to –

- 6.2.1 increase or decrease the number of authorised Shares of any class of the Company’s Shares; or
- 6.2.2 create any class of Shares; or
- 6.2.3 reclassify any classified Shares that have been authorised but not issued; or

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- 6.2.4 classify any unclassified Shares that have been authorised but not issued; or
- 6.2.5 determine the preferences, rights, limitations or other terms of any Shares, shall be subject to the approval of the Shareholders by way of a special resolution.
- 6.3 The authorisation and classification of Shares, the numbers of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares, as set out in this memorandum of incorporation, may be changed only by an amendment of this memorandum of incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements.
- 6.4 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share, and accordingly if any amendment to this memorandum of incorporation relates to the variation of any preferences, rights, limitations and other terms associated with any class of Share already in issue, such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting. The holders of Shares of that class will, subject to the further provisions of clause 23.2, also be entitled to vote at the meeting of ordinary Shareholders where the amendment is tabled for approval.
- 6.5 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).
- 6.6 The Board may, subject to clauses 6.7, 6.9 and 6.11, the Act and the JSE Listings Requirements, resolve to issue Shares of the Company at any time, but only –
 - 6.6.1 within the classes and to the extent that those Shares have been authorised by or in terms of this memorandum of incorporation; and
 - 6.6.2 to the extent that such issue has been approved by the Shareholders in general meeting, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting, provided further that the approval by Shareholders in general meeting shall not be required –
 - 6.6.2.1 to the extent that such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding, on such terms and in accordance with such procedures as the Board may determine; or
 - 6.6.2.2 to the extent that such Shares are issued for the acquisition of assets by the Company, whether by means of an acquisition issue or a vendor consideration placement.
- 6.7 All issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition, be in accordance with the JSE Listings Requirements.
- 6.8 Save where permitted by the JSE, all Securities for which a listing is sought on the JSE and all Securities of the same class as Securities which are listed on the JSE must be freely transferable and must, notwithstanding the provisions of section 40(5), but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Board for the issuance of such Securities.
- 6.9 Save –
 - 6.9.1 where otherwise permitted under the Act, the JSE Listings Requirements or this memorandum of incorporation;
 - 6.9.2 where approved by Shareholders in general meeting; or

6.9.3 where such Shares are issued for the acquisition of assets by the Company, whether by means of an acquisition issue or a vendor consideration placement

the Board may only issue unissued Shares if such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine.

- 6.10 The Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that, to the extent applicable, such transaction(s) has/have been approved by the JSE and comply with the JSE Listings Requirements.
- 6.11 Notwithstanding anything to the contrary herein, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3), require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.
- 6.12 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this memorandum of incorporation, no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.’ ”

The reason for special resolution number 7 is to obtain the required approval of shareholders to amend the memorandum of incorporation of the Company in the manner that aligns the memorandum of incorporation with the provisions of the Listings Requirements of the JSE and the Companies Act, in relation to the issue of shares, as set out in the special resolution above.

The effect of special resolution number 7 is that the Company will have the necessary authority to amend the memorandum of incorporation in the manner set out in the special resolution above, which amendments have also been approved by the JSE.

4. Authority to directors and/or Company Secretary to implement resolutions

Ordinary resolution number 8

“Resolved that any of the directors of the Company and/or the Company Secretary or their duly appointed representatives be and are hereby authorised to do all such things and sign all documents and take all such action as they consider necessary to give effect to and implement the resolutions set-out in the notice convening the annual general meeting at which this ordinary resolution number 8 will be considered.”

The reason for ordinary resolution number 8 is to provide the Directors and/or the Company Secretary (or any of their duly appointed representatives) with the necessary authority to implement the resolutions set out in the notice of annual general meeting.

5. Other business

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the Company.

Notice of annual general meeting of Curro shareholders | for the year ended 31 December 2014

Information relating to the special resolution number 4

1. The Directors of the Company or its subsidiaries will only utilise the general authority to repurchase shares of the Company, as set out in special resolution number 4, to the extent that the Directors, after considering the maximum shares to be purchased, are of the opinion that the position of the Company and its subsidiaries ("the Curro Group") would not be compromised as to the following:
 - The Curro Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this AGM and for a period of 12 months after the repurchase;
 - The consolidated assets of the Curro Group will, at the time of the AGM and at the time of making such determination, be in excess of the consolidated liabilities of the Curro Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Curro Group;
 - The ordinary capital and reserves of the Curro Group after the purchase will remain adequate for the purpose of the business of the Curro Group for a period of 12 months after the AGM and after the date of the share repurchase; and
 - The working capital available to the Curro Group after the repurchase will be sufficient for the Curro Group's requirements for a period of 12 months after the date of the notice of the AGM;

and the Directors have passed a resolution authorising the repurchase, resolving that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and resolving that, since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the Curro Group.

2. The Directors, whose names appear on page 24 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the AGM notice contains all information required by the Listings Requirements of the JSE.

Special resolutions numbers 2, 3 and 4 are renewals of resolutions taken at the previous annual general meeting on 20 June 2014.

VOTING

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the Company ("the share register") for purposes of being entitled to receive this notice is Friday, 15 May 2015.
2. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at this meeting is Friday, 12 June 2015, with the last day to trade being Friday, 5 June 2015.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the Chairman of the AGM and must accordingly bring a copy of their identity document, passport or drivers' licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.
4. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the Company. A form of proxy, in which the relevant instructions for its completion are set out, is enclosed for the use of a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the Company at the address given below by no later than 09h10 on Wednesday, 17 June 2015.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person will need to request their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.

7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and the CSDP or broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the Board

Curro Holdings Ltd

21 May 2015

Registered office

38 Oxford Street
Durbanville, 7550
(PO Box 2436, Durbanville, Cape Town, South Africa, 7551)

Transfer secretaries

Computershare Investor Services (Pty) Ltd
Ground Floor
70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, South Africa, 2107)

Sponsor

PSG Capital (Pty) Ltd
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, Cape Town, South Africa, 7600
(PO Box 7403, Stellenbosch, Cape Town, South Africa, 7599)

Glossary

AGM	Annual general meeting
board	Board of directors of Curro Holdings Limited
BEE	Broad-Based Black Economic Empowerment
Capmac	Campus and Property Management Company Proprietary Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Investment Officer
COO	Chief Operating Officer
CSDP	Central Securities Depository Participant
Curro	Curro Holdings Limited
CCEE	Curro Centre for Educational Excellence
Companies Act	Companies Act No 71 of 2008, as amended
DBSA	Development Bank of South Africa
EBITDA	Earnings before interest, tax, depreciation and amortisation
EE Act	Employment Equity Act No 55 of 1998, as amended
FET	Further Education and Training
HR	Human Resources function
IBT	International benchmarking tests
IEB	Independent Examination Board
IT	Information technology and or information technology and systems
IFRS	International Financial Reporting Standards
JSE	JSE Limited
King III	King Report on Governance for South Africa and the King Code of Governance Principles
Ltd	Limited
MOI	Memorandum of incorporation
NSC	National Senior Certificate
PSPA	Professional Sourcing and Procurement Assist Proprietary Limited
Pty (Ltd)	Proprietary Limited
Seiifsa or Schools Fund	Schools and Education Investment Impact Fund of South Africa
STEM	Science, technology, engineering and mathematics
Teacher Training College	Embury Institute for Teacher Education Proprietary Limited
UNISA	University of South Africa

Form of Proxy

Curro Holdings Limited

Incorporated in the Republic of South Africa

Registration number: 1998/025801/06

Share code: COH ISIN: ZAE000156253

("Curro" or "the Company")

Form of proxy – for use by certificated and own-name dematerialised shareholders only

For use at the annual general meeting of ordinary shareholders of the Company to be held at Spier Wine Estate, Baden Powell Drive, Stellenbosch at 09h10 on Friday, 19 June 2015 ("the AGM").

I/We (Full name in print)

of (address)

Telephone: (Work) area code ()

Telephone: (Home) area code ()

Cellphone number: ()

being the registered holder of shares in the Company, hereby appoint:

- _____ or failing him/her
- _____ or failing him/her
- _____ the Chairman of the AGM,

as my/our proxy to attend, speak and vote for me/us at the AGM for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instruction (see notes):

	Number of shares		
	In favour of	Against	Abstain
Ordinary resolution number 1: To re-elect Ms SL Botha as Director			
Ordinary resolution number 2: To re-elect Mr ZL Combi as Director			
Ordinary resolution number 3: To re-appoint Mr B Petersen as a member of the Audit and Risk Committee of the Company			
Ordinary resolution number 4: To re-appoint Dr SWF Muthwa as a member of the Audit and Risk Committee of the Company			
Ordinary resolution number 5: To re-appoint Mr ZL Combi as a member of the Audit and Risk Committee of the Company			
Ordinary resolution number 6: Re-appointment of the auditor			
Ordinary resolution number 7: General authority to issue shares for cash			
Special resolution number 1: Remuneration of non-executive directors			
Special resolution number 2: Inter-company financial assistance			
Special resolution number 3: Financial assistance for the subscription and/or the acquisition of shares in the Company or a related or inter-related company			
Special resolution number 4: Share repurchases by the Company and its subsidiaries			
Special resolution number 5: Amendment to the memorandum of incorporation in relation to Board administration			
Special resolution number 6: Increase in authorised share capital and amendment to the memorandum of incorporation			
Special resolution number 7: Amendment to the memorandum of incorporation in relation to the issue of shares			
Ordinary resolution number 8: Authority to Directors and/or Company Secretary to implement resolutions			

Please indicate your voting instruction by way of inserting the number of shares or by a cross in the space provided.

Signed at _____ on this _____ day of _____ 2015

Signature(s)

Assisted by (where applicable) (state capacity and full name)

Each Curro shareholder is entitled to appoint one or more proxy(ies) (who need not be shareholder(s) of the Company) to attend, speak and vote in his/her stead at the AGM.

Please read the notes on overleaf.

Notes:

1. A Curro shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the Chairman of the AGM". The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Curro shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the Chairman of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the meeting, or any other proxy to vote or to abstain from voting at the meeting as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the meeting in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any meeting, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member, in whose name any shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and returned to be received by the transfer secretaries of the Company, Computershare Investor Services (Pty) Ltd (PO Box 61051, Marshalltown, 2107), by no later than 09h10 on Wednesday, 17 June 2015.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the Chairman of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

Brief history

Curro was established in 1998. Dr Chris van der Merwe (Chris), Curro's current Chief Executive Officer, initially envisioned the establishment of a small independent school which was intended to accommodate only an intermediate school phase (Grades 4 to 7) in a converted house.

Soon after the planning was completed, Eduard Ungerer, one of Chris's business partners in a small publishing enterprise, joined him and eventually the school opened in a church in Cape Town on 15 July 1998 with 28 learners. Other founding members were Loch van Niekerk, Eddie Conradie and Thys Franken.

In 2004, Senior Advocate Fef le Roux (Curro's Chairman from 2009 to March 2013), purchased 30% of the Company's shares. In 2005, Educor (Pty) Ltd (Educor), a subsidiary of Naspers Ltd (Naspers), acquired 25% of Curro's shares. With this support, the Company entered into a business vision of establishing 20 Curro schools nationwide. When Naspers disposed of Educor in 2006, a pre-emptive right triggered the repurchase of the 25% by the founders of the Company and Fef le Roux and two of his colleagues at the Cape Bar. At that stage the, Company had three established schools.

In 2009, PSG Group Ltd (PSG) approached Curro to become a 50% partner through their subsidiary, Paladin Capital (Pty) Ltd (Paladin) at the beginning of 2010, with the adoption of the development plan to have 40 schools by 2020 and the capital investment that this entails, Paladin Capital increased its shareholding to 75%.

On 2 June 2011, Curro listed on the JSE (AltX) with a vision of 40 schools with 45 000 learners by 2020 and raised R318 million through a rights offer soon thereafter.

A second rights offer and private placement to the value of R476 million was completed in July 2012. The capital was utilised for the expansion required at the existing schools and to acquire Woodhill College (Pretoria, Gauteng Province), Embury College (Durban, KwaZulu-Natal Province), Rosen Castle (Tyger Valley, Western Cape Province) and Teacher Training College (Durban, KwaZulu-Natal Province). Rosen Castle laid the foundation to develop nursery schools under the Curro Castle brand.

Curro also transferred from the JSE's AltX to Main Board listing in July 2012.

In July 2012, Curro, the Public Investment Corporation (PIC) and the Old Mutual Assurance Group South Africa (OMAGSA) through the Schools Fund, SEIFSA, joined forces to provide R440 million in capital for the development of a group of Meridian schools to accommodate approximately 20 000 learners.

In May 2013 a third rights offer and private placement took place to the value of R661 million enabling Curro to expand existing schools, to develop new schools in Ballito (KwaZulu-Natal Province), Port Elizabeth (Eastern Cape Province), Curro Castle George (Western Cape Province) and the acquisition of Grantleigh (KwaZulu-Natal Province).

In 2013, Curro, through Capmac, acquired Northern Academy (Limpopo Province), a school in Polokwane with approximately 4 000 learners of which 2 500 reside in the school's boarding facilities. Also through Capmac, Meridian Karino (Nelspruit, Mpumalanga Province) was developed. Curro and OMAGSA, through the Financial Sector Charter Fund (FSC fund), provided another R188 million (collectively referred to as the Meridian venture) capital for future development of Meridian school properties.

An amount of R150 million in five-year bonds, through a JSE listed domestic medium-term note programme, took place in 2013.

The year 2013 ended on a high note with 21 027 learners and the construction of five new schools.

In June 2014 a fourth rights offer to the value of R600 million took place, to enabling Curro to expand at existing schools, develop new schools in Brackenfell (Western Cape Province), Secunda (Mpumalanga Province), Monaghan Farm (Lanseria, Gauteng Province), Kathu (Northern Cape Province), Mahikeng (North West Province), Soshanguve (Pretoria North, Gauteng Province) and to acquire Waterstone College (Pty) Ltd (in Johannesburg South, Gauteng Province) and Grantleigh (KwaZulu-Natal Province).

In 2014 two new Meridian schools, through the Meridian venture, were developed, one in Cosmo City (Roodepoort, Gauteng Province) and one in Newcastle (KwaZulu-Natal Province).

An amount of R125 million in five-year bonds, through a JSE listed domestic medium-term note programme, took place as well as R450 million raised through Standard Bank of South Africa Ltd.

The land banking of seven sites for future development took place in 2014 to the value of R100 million.

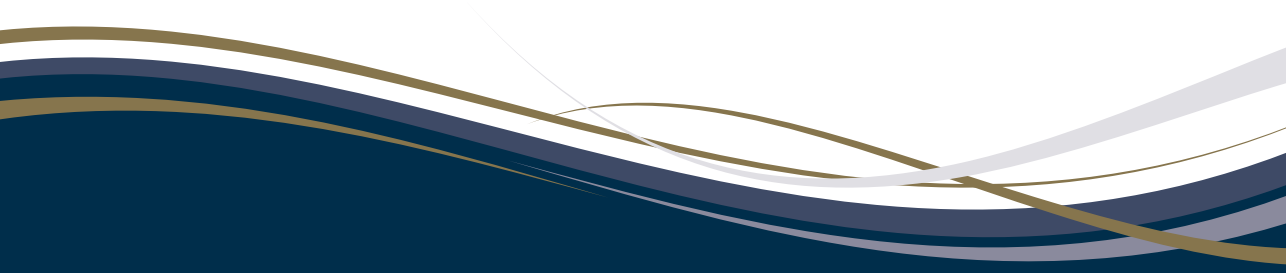
The year 2014 ended approximately with 28 737 learners and 10 new schools (eight constructed and two acquired).

Curro achieved R1 billion revenue for the first time and achieved its pre-listing objective of 40 campuses, five years ahead of its original target of 2020.

As of January 2015, Curro had 42 campuses accommodating 36 021 learners.

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Independent schools and education services
Directors	Executive Dr CR van der Merwe (CEO) AJF Greyling (COO) B van der Linde (CFO) HG Louw (CIO) Non-executive PJ Mouton Independent non-executive SL Botha (Chairperson) ZL Combi Dr SWF Muthwa B Petersen R van Rensburg
Company Secretary	
Registered office	38 Oxford Street Durbanville Cape Town South Africa 7550
Business address	38 Oxford Street Durbanville Cape Town South Africa 7550
Postal address	PO Box 2436 Durbanville Cape Town South Africa 7551
Holding Company	PSG Financial Services Ltd Incorporated in South Africa
Bankers	Absa Bank Ltd First National Bank Ltd Standard Bank of South Africa Ltd
Auditor	Deloitte & Touche Inc. Registered auditor
Company registration number	1998/025801/06
Level of assurance	These audited annual financial statements have been audited in compliance with the applicable requirements of the Companies Act, No 71 of 2008
Preparer	The audited financial statements were compiled under the supervision of B van der Linde CA(SA), CFA



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