BAYPORT SECURITISATION (PROPRIETARY) LIMITED
(REGISTRATION NUMBER 2008/003557/07)

ANNUAL FINANCIAL STATEMENTS: 30 SEPTEMBER 2010

BAYPORT SECURITISATION (PROPRIETARY) LIMITED

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 September 2010

GENERAL INFORMATION

Country of incorporation:	South Africa
Date of incorporation:	11 February 2008
Nature of business:	Securitisation vehicle
Directors:	Roderick Fehrsen Stephen Williamson David Jacques Rajak Theodor Bohlmann
Registered office:	Block B, Metropolitan Office Park 82 Wessels Road Rivonia Johannesburg 2191
Business address:	Block B, Metropolitan Office Park 82 Wessels Road Rivonia Johannesburg 2191
Postal address:	Postnet Suite 116 Private Bag X43 Sunninghill 2157
Bankers:	First National Bank of South Africa Standard Bank of South Africa ABSA
Auditors:	Deloitte & Touche Chartered Accountants Registered Accountants and Auditors
Company registration:	2008/003557/07

BAYPORT SECURITISATION (PROPRIETARY) LIMITED

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 September 2010

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

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DIRECTORS' RESPONSIBILITIES AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company as at the end of the financial period and the results of their operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 cash flow forecast for the year to 30 September 2011 and are satisfied that the Company has access to adequate resources to continue as a going concern for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the annual financial statements. The annual financial statements have been examined by the external auditors and their report is presented on page 4.

The annual financial statements set out on pages 5 to 37 which have been prepared on the going concern basis, were approved by the board of directors on 1 March 2011 and were signed on its behalf by:

David Jacques Rajak

Stephen Forbes Williamson

Deloitte.

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South Africa

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF BAYPORT SECURITISATION (PTY) LTD

Report on the financial statements
We have audited the financial statements of Bayport Securitisation (Pty) Ltd, which comprise the directors' report, the statement of financial position as at 30 September 2010, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 5 to 37.

Directors' responsibility for the financial statements
The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 30 September 2010 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act in South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per: Cathryn Emslie
Partner
1 March 2011

National Executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit
DL Kennedy Risk Advisory NB Kader Tax & Legal Services L Geeringh Consulting L Bam Corporate Finance
JK Mazzocco Human Resources CR Beukman Finance TJ Brown Clients NT Mtoba Chairman of the Board
MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request

B-BBEE rating: Level 2 contributor/AAA (certified by Empowerdex)

Member of Deloitte Touche Tohmatsu Limited

BAYPORT SECURITISATION (PROPRIETARY) LIMITED

DIRECTORS' REPORT

For the year ended 30 September 2010

The directors present their report on the activities of the Company for the year ended 30 September 2010 (The prior period consisted of 6 months whilst the current period is 12 months).

1. Review of activities

Main business and operations

The Company is a special purpose vehicle incorporated to purchase the loan claims and cellular contracts originated by Bayport Financial Services 2010 (Pty) Ltd and to provide flexible and efficiently priced funding.

2. Subsequent events

No subsequent events have occurred between 30 September 2010 and the date of the approval of the annual financial statements by the Board of Directors.

3. Authorised and issued share capital

The authorised share capital of the Company of 900 ordinary shares of R 1 each was consolidated to 45 shares of R 20 each. The authorised non redeemable preference shares of the Company remained unchanged at 100 shares of R 1.

Issued share capital of 100 ordinary shares of R 1 each was consolidated during the year to 25 shares of R 20 each. The issued non redeemable preference shares remained at 100 shares of R 1 each.

4. Dividends paid

A dividend of R 50 000 000 was declared to preference shareholders on 30 November 2009. This amounted to a dividend per share of R 500 000.

5. Directors

The directors of the Company during the accounting period and up to the date of this report were as follows:

Name	Position	Date appointed	Date resigned
Martin Zonny Freeman	Director	15 February 2008	08 November 2010
Stephen Williamson	Director	08 November 2010	
Bryan Arlow	Non –Executive Director	01 October 2009	15 January 2011
David Jacques Rajak	Non –Executive Director	01 October 2009	
Roderick Fehrsen	Non –Executive Director	15 January 2011	
Theodor Bohlmann	Non –Executive Director	15 January 2011	

6. Holding company

The Company is controlled by Bayport Financial Services 2010 (Pty) Ltd, which is a subsidiary of Transaction Capital (Pty) Ltd.

7. Auditors

Deloitte & Touche will continue in office in accordance with section 270(2) of the Companies Act.

8. Secretary

There was no company secretary appointed during the period.

BAYPORT SECURITISATION (PROPRIETARY) LIMITED

STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	Notes	2010 R	2009 R
Assets			
Cash and cash equivalents	15	117 069 987	13 103 884
Trade and other receivables	1	74 689	353 418
Loans and advances	2	1 801 789 355	1 031 038 003
Deferred tax assets	3	14 212 113	1 825 423
Total assets		1 933 146 144	1 046 320 728
Liabilities			
Bank overdrafts	15	417 185	65
Tax liabilities		29 019 737	11 054 435
Deferred tax liabilities	3	-	15 721 264
Trade and other payables	4	87 898 838	23 386 913
Interest bearing liabilities	5	1 708 809 773	932 000 000
Total liabilities		1 826 145 533	982 162 677
Equity			
Share capital	6	600	200
Retained earnings		107 000 011	64 157 851
Equity attributable to the owners of the Company		107 000 611	64 158 051
Total equity		107 000 611	64 158 051
Total equity and liabilities		1 933 146 144	1 046 320 728

BAYPORT SECURITISATION (PROPRIETARY) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2010

	Notes	2010 R	2009 R
Interest and other similar income		538 800 056	183 932 963
Interest and other similar expense		(157 645 293)	(51 322 093)
Net interest income	7	381 154 763	132 610 870
Impairment of loans and advances	2	(212 735 721)	(82 723 924)
Risk adjusted net interest income		168 419 042	49 886 946
Non-interest revenue	8	100 739 763	35 841 852
Direct costs	9	(8 987 502)	(2 206 930)
Non interest gross profit		91 752 261	33 634 922
Indirect costs	10	(131 223 858)	(40 954 880)
Profit before tax		128 947 445	42 566 988
Income tax expense	11	(36 105 285)	(11 918 757)
Profit for the period		92 842 160	30 648 231
Other comprehensive income		-	-
Total comprehensive income for the period		92 842 160	30 648 231

BAYPORT SECURITISATION (PROPRIETARY) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2010

	Share capital R	Retained earnings R	Total equity R
Balance on incorporation at 11 February 2008			
Issue of shares	100	-	100
Total comprehensive income	-	33 509 620	33 509 620
- Profit for the period	-	33 509 620	33 509 620
- Other comprehensive income	-	-	-
Balance at 1 April 2009	100	33 509 620	33 509 720
Total comprehensive income	-	30 648 231	30 648 231
- Profit for the period	-	30 648 231	30 648 231
- Other comprehensive income	-	-	-
Issue of shares	100	-	100
Balance at 30 September 2009	200	64 157 851	64 158 051
Total comprehensive income	-	92 842 160	92 842 160
- Profit for the period	-	92 842 160	92 842 160
- Other comprehensive income	-	-	-
- Dividends paid to preference shareholders	-	(50 000 000)	(50 000 000)
Issue of shares	400	-	400
Balance at 30 September 2010	600	107 000 011	107 000 611

BAYPORT SECURITISATION (PROPRIETARY) LIMITED

STATEMENTS OF CASH FLOWS

For the 12 months ended 30 September 2010

	Notes	2010 R	2009 R
Cash flow from operating activities			
Cash generated by operations	12	128 947 445	42 566 988
Income taxes paid	13	(46 247 937)	-
Cash flow from operating activities before changes in operating assets and liabilities		82 699 508	42 566 988
Increase in operating assets and liabilities			
Increase in loans and advances		(770 751 352)	(278 358 101)
Increase in working capital		64 790 654	3 414 627
Decrease/(Increase) in trade and other receivables		278 729	(326 170)
Increase in trade and other payables		64 511 925	3 740 797
Net cash utilised by operating activities		(705 960 698)	(274 943 474)
Cash flow from financing activities			
Issue of shares		400	-
Dividends paid to preference shareholders	14	(50 000 000)	-
Repayment of interest bearing liabilities		26 190 429	-
Proceeds from raising interest bearing liabilities		750 619 344	195 000 000
Net cash generated in financing activities		726 810 173	195 000 000
Net increase in cash and cash equivalents		103 548 983	(37 376 486)
Cash and cash equivalents at beginning of the period		13 103 819	50 480 305
Cash and cash equivalents at end of period	15	116 652 802	13 103 819

Accounting policies

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, and the requirements of the South African Companies Act of 1973.

The financial statements are prepared on the historical cost basis modified by the measurement of financial instruments accounted for in terms of IAS 39.

The financial position is presented in order of liquidity. References to the current maturities of these financial assets and liabilities are disclosed in the notes to the statement of financial position and in the analysis of financial assets and liabilities. The accounting policies are consistent with the previous year except where otherwise specifically stated.

At the date of approval of these financial statements, the following standards and interpretations were in issue but not yet effective and have not yet been applied by the Company:

Standard	Details of Amendment	Annual periods beginning on or after
IAS 1 : Presentation of financial instruments	Current/non-current classification of convertible instruments	1 January 2010
IAS 17: Leases	Classification of leases of land and buildings	1 January 2010
IAS 36: Impairment of assets	Unit of accounting for goodwill impairment test	1 January 2010
IAS 39: Financial instruments: Recognition and measurement	Treatment of loan prepayment penalties as closely related embedded derivatives Scope exemption for business combination contracts Cash flow hedge accounting	1 January 2010
IFRIC 19: Extinguishing financial liabilities with equity instruments	Extinguishing financial liabilities with equity instruments	1 July 2010
IAS 27: Consolidated and separate financial statements	Transition requirements for amendments arising as a result of IAS 27	1 January 2011
IFRS 3: Business combinations	Un-replaced and voluntarily replaced share-based payment awards	1 January 2011
IFRS 7: Financial instruments: disclosures	Clarification of disclosures	1 January 2011
IAS 24	Related party disclosures	1 January 2011
IFRS 3: Business combinations	Measurement of non-controlling interest	1 January 2011
IFRS 9: Financial instruments	New standard that forms the first part of a three part project to replace IAS 39 Financial Instruments: Recognition and measurement	1 January 2013

Accounting policies (continued)

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company.

The following new standards, amendments and interpretations which are in issue but not yet effective, are not relevant to the Company's operations:

IFRS 1 :	First-time adoption of international financial reporting standards
IFRS 2 :	Amendments relating to group cash-settled share-based payment transactions clarity of the definition of the term "Group" and where in a group share based payments must be accounted for.
IFRS 3 :	Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS
IFRS 3 :	Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations.
IFRS 8 :	Disclosure of information about segment assets
IAS 1 :	Clarification of statement of changes in equity
IAS 7 :	Statement of cash flows
IAS 32 :	Financial Instruments: Presentation
IAS 39 :	Financial Instruments: Recognition and measurement
IFRIC 13 :	Customer loyalty programmes
IFRIC 14 :	IAS 19 - The limit on a defined benefit asset, minimum funding

1. Management estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements on carrying values of assets and liabilities that are not otherwise readily apparent. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

Accounting policies (continued)

1. Management estimates (continued)

Impairment of assets

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current asset value and, if lower, the assets are impaired to the present value.

Impairment of loans and receivables

The estimation of impairments of loans and receivables is inherently uncertain and depends on many factors, including general economic conditions, structural changes within industries, changes in individual customer circumstances and other external factors such as legal requirements, regulatory specifications and governmental policy changes. Loans and receivables are stated net of identified impairments and incurred but not yet reported impairments. Loans and receivables are considered impaired only if there is objective evidence of impairment as a result of events that occurred after initial asset recognition (known as loss events) and these loss events have an adverse impact on the assets' estimated future cash flows that can be reliably measured.

Objective evidence that loans and advances may be impaired includes the following observable data:

- A breach of contract, such as a default or delinquency in interest or principal payments. Instalments past due date are considered in breach of contract
- Historical loss experience of groups of financial assets with similar repayment terms.
- Data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group.

Loans and advances are subjected to regular evaluations of the overall client risk profile and payments record in determining whether a loss event has occurred.

The historical loss experience is adjusted on the basis of observable data to remove the effects of the conditions in the historical period that do not currently exist.

The Company assesses whether objective evidence of impairment exists for Company's of financial assets with similar repayment terms. If there is objective evidence that an impairment loss on loans and advances has been incurred, the amount of the loss is measured as the difference between the carrying amounts of the assets and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) discounted at the effective interest rates.

Accounting policies (continued)

2. Financial instruments

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial instruments, as reflected on the statement of financial position, include all financial assets, financial liabilities, derivative instruments and equity instruments held for investment, but exclude investments in subsidiaries, property and equipment, inventory, deferred taxation, taxation payable, provisions, intangible assets and goodwill.

Financial instruments are accounted for under IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures.

Financial assets are classified as loans and receivables.

Financial liabilities are classified as financial liabilities at amortised cost.

The classification of financial assets and financial liabilities depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition.

Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value when the related contractual rights or obligations exist. Transaction costs are included in the initial value recognised.

Loans, advances and other trade receivables

These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The financial assets fall into the originated trade receivables category.

Loans and receivables are initially recognised at fair value. Subsequently loans and receivables are carried at amortised cost using the effective interest rate method, less any impairment losses.

Trade and other receivables

Trade receivables originated by the Company are initially recorded at fair value. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows discounted at the market rate of interest for similar borrowers. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income within direct costs. When the 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 direct costs in the statement of comprehensive income. The carrying amount of loans and trade and other receivables approximates fair value as the effect of time value of money is immaterial. The recency of payment indicators are applied in assessing the need for impairment of originated receivables.

Accounting policies (continued)

2. Financial instruments (continued)

Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention to trade the receivable. Loans and advances comprise personal unsecured loans or loans secured over vehicles or properties payable in fixed equal instalments.

Advances are classified as loans and receivables and are measured at amortised cost using the effective interest rate method, less any impairment losses through the use of an allowance account. Origination fees and monthly service fees that are integral to the effective interest rate are capitalised to the value of the loan and amortised to the statement of comprehensive income over the contractual life of the loan using the effective interest rate method. Beyond the original contractual term of the loan, the monthly servicing fee is recognised in the statement of comprehensive income as it is charged to the customer on a monthly basis.

Loans and advances are disclosed net of deferred origination fees, monthly service fees and impairment provisions.

The Company reviews the carrying amounts of its loans and advances to determine whether there is any indication that those loans and advances have become impaired using objective evidence at a loan level. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event(s) has an adverse impact on the estimated future cash flows of the financial asset or Company of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in the payment of interest or principal;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; it becomes probable that the borrower is over-indebted;
- indication that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company, including:
- adverse changes in the payment status of borrowers in the company (e.g. an increased number of delayed payment); or
- national or local economic conditions that correlate with defaults on the assets in the Company (e.g. an increase in the unemployment rate in the geographical area of the borrowers or adverse changes in industry conditions that affect the borrowers in the Company).

Where it is not possible to estimate the recoverable amount of an individual loan or advance, the Company estimates the recoverable amount using portfolio statistics derived based on past performance of similar financial assets, taking into account collection measures and projected future market conditions.

Accounting policies (continued)

2. Financial instruments (continued)

Loans and advances (continued)

The recoverable amount is the sum of the estimated future cash flows, discounted to their present value using a discount rate that reflects the portfolio of advances' original effective interest rate.

If the recoverable amount of the advance is estimated to be less than the carrying amount, the carrying amount of the advance is reduced to its recoverable amount by raising an impairment provision (through the use of a separate allowance account), which is recognised as an expense in the statement of comprehensive income. Advances, which are deemed uncollectible, are written off either fully or partially against the impairment allowance account.

Where the impairment loss subsequently reverses, the carrying amount of the advance is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the advance in prior years. A reversal of an impairment loss is immediately recognised in the statement of comprehensive income.

Loans previously written off which subsequently result in certain minimum cash flows being received are written back onto the statement of financial position in the advances portfolio.

The write back of a previously written off loan means the recording of the recoverable outstanding amount of the loan on the statement of financial position at amortised cost without an allowance account, at the time it meets the definition of an asset and certain predetermined performance criteria. This recoverable amount is determined by discounting the estimated future cash flows at the original effective interest rate. The estimated future cash flows are based on the historic cash collected on these loans since they were written off and on similar loans that were, subsequent to being written off, brought back onto the statement of financial position in prior reporting periods. Subsequent to this initial recording, an impairment allowance account is used in subsequent reporting periods to recognise any amount of the loan, the recovery of which is regarded as being doubtful or irrecoverable.

Cash collected on loans, which have previously been written off and which remain off statement of financial position, is recognised in the statement of comprehensive income as bad debts recovered as and when the cash is received.

Financial liabilities

Financial liabilities are initially recognised at the fair value, and subsequently carried at amortised cost using the effective interest rate method. Where the time value of money is not considered to be material, instruments are not discounted as their nominal values approximate amortised cost.

Financial liabilities comprise interest bearing liabilities including bank overdrafts and trade payables.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, call deposits and bank overdrafts. Cash and cash equivalents are measured at fair value.

Accounting policies (continued)

2. Financial instruments (continued)

Amortised cost

Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the instrument. All fees, transaction costs and other premiums or discounts are included in the calculation.

Set off

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

Derecognition

Financial assets (or a portion thereof) are derecognised when the Company realises the rights to the benefits specified in the contract, the rights expire or the Company surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are included in the statement of comprehensive income.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it are included in the statement of comprehensive income.

3. Revenue recognition

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

Revenue comprises collection of owned book debts and finance charges on loans. Revenue excludes non-operating income and value added taxation.

Interest income

Interest income is recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating the interest income to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate. The group defers any related operating costs which are directly attributable to individual transactions.

Accounting policies (continued)

3. Revenue recognition (continued)

Interest income (continued)

While origination fees and monthly services fees are regarded as integral parts of the effective interest rate, they are not accounted for as interest income, but as non-interest income.

In instances where a loan is in arrears for greater than three months and no payment has been received in the last three months, an assessment is made regarding the recoverability of the loan or group of loans and if necessary, based on available evidence at that date, the accrual of interest from that date is suspended and not recognised in the statement of comprehensive income.

Non – operating income

Dividends are recognised in profit or loss when the right to receive payment is established.

4. Direct costs

Direct costs comprise the cost of inventories expensed during the year, personnel costs, overheads and depreciation of equipment on assets directly attributable to the provision of goods and services in revenue generation.

5. Interest expense

Interest expense comprises interest on borrowings, dividends on redeemable preference shares, debentures and other costs incurred in connection with the borrowing of funds.

Interest expense is recognised in the period in which it is incurred using the effective interest rate method except to the extent in which these meet the criteria for capitalisation against a qualifying asset in which case it is capitalised as part of the cost of the asset.

6. Taxation

Current

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the financial year end.

Secondary taxation on companies

Secondary taxation on companies (STC) is recognised in the year dividends are declared. A deferred taxation asset is recognised on unutilised STC credits when it is probable that such unused STC credits will be utilised in the future.

Accounting policies (continued)

6. Taxation (continued)

Deferred tax

Deferred tax is calculated using the statement of financial position liability method.

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 goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit or taxable profit or tax loss.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except to the extent that both of the following conditions are satisfied:

- the Company is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated using taxation rates that have been enacted or substantially enacted at financial year end. The effect on deferred tax of any changes in taxation rates is charged to the statement of comprehensive income, except to the extent that it relates to items previously charged or credited directly to equity in which case the deferred tax is charged to equity.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which the associated tax deductible temporary differences can be utilised.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Indirect taxation

The net amount of VAT recoverable from the taxation authority is included as part of the receivables in the statement of financial position.

7. Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount. They are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities and contingent assets are not recognised in the financial statements.

8. Borrowings

Borrowings are recognised initially at fair value, generally being their issue proceeds, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost and interest is recognised over the period of the borrowing using the effective interest method.

		2010 R	2009 R
1.	**Trade and other receivables**		
	Prepayments	67 561	-
	Sundry debtors	7 128	6 428
	Other	-	346 990
		74 689	353 418
	The above values approximate fair values. Trade and other receivables are denominated in South African Rands.		
2.	**Loans and advances**		
	Gross loans and advances	2 034 874 183	1 172 315 733
	Allowance for impairment	(233 084 828)	(141 277 730)
		1 801 789 355	1 031 038 003
	Gross loans and advances by asset type:		
	Unsecured loans	2 034 874 183	1 172 315 733
		2 034 874 183	1 172 315 733
	The above values approximate fair values. Loans are ceded as security for debentures issued by Bayport Securitisation (Pty) Ltd as disclosed in note 5.		
	Allowance for impairment:		
	Balance at the beginning of the period	(141 277 730)	(176 689 614)
	Impairment recognised in the statement of comprehensive income.	(222 312 997)	(84 979 521)
	Utilisation of allowance for impairment	120 928 623	118 135 808
	Reversal of impairment recognised in the statement of comprehensive income in prior periods	9 577 276	2 255 597
	Allowance for impairment	(233 084 828)	(141 277 730)
	Impairment of loans and advances in the statement of comprehensive income	(212 735 721)	(8 273 924)
	Related credit risk exposure and enhancements:		
	Carrying loans and advances less impairment	1 801 789 355	1 031 038 003
	The allowance for impairment on loans and advances is calculated by considering breach of contract, i.e. payment delinquency or default, as well as recency of payments and likelihood of rehabilitation.		

		2010 R	2009 R
2.	**Loans and advances (continued)**		
	Loans and advances past due but not impaired:		
	Amounts 30 days overdue	107 984 061	73 140 566
	Amounts 30 to 60 days overdue	-	-
	Amounts 60 to 90 days overdue	-	-
	Amounts in excess of 90 days overdue	-	-
		107 984 061	73 140 566
	Impairment on loans and advances can be aged as follows:		
	Amounts in current	3 581 730	1 812 880
	Amounts 30 days overdue	10 707 604	6 843 379
	Amounts 30 to 60 days overdue	11 830 989	7 542 628
	Amounts 60 to 90 days overdue	13 992 656	10 793 234
	Amounts in excess of 90 days overdue	186 289 628	105 593 121
	Specific impairment	226 402 607	132 585 242
	Incurred but not reported impairment	6 682 221	8 692 488
	Total impairment	233 084 828	141 277 730
3.	**Deferred tax assets/(liabilities)**		
	Deferred tax is presented on the statement of financial position as follows:		
	Deferred tax assets	14 212 113	1 825 423
	Deferred tax liabilities	-	(15 721 264)
		14 212 113	(13 895 841)
	The movements during the period are analysed as follows:		
	Net deferred tax liability at the beginning of the period	(13 895 841)	(9 816 500)
	Tax charge to the statement of comprehensive income	6 088 989	(4 079 341)
	Reclassification of deferred tax on cellular treatment	22 018 965	-
	Net deferred tax asset/(liability) at the end of the period	14 212 113	(13 895 841)

		Opening balance R	Tax charge R	Closing balance R
3.	**Deferred tax assets/(liabilities) (continued)**			
	2010			
	Write offs	-	4 376 922	4 376 922
	Impairment of loans and advances	1 825 423	3 473 641	5 299 064
	Subscription agreements	(15 721 264)	20 257 391	4 536 127
	Net deferred tax assets	(13 895 841)	28 107 954	14 212 113
	2009			
	Write offs	-	-	-
	Impairment of loans and advances	1 230 147	595 276	1 825 423
	Subscription agreements	(11 046 647)	(4 674 617)	(15 721 264)
	Net deferred tax liabilities	(9 816 500)	(4 079 341)	(13 895 841)

		2010 R	2009 R
4.	**Trade and other payables**		
	Trade payables and accruals	601 423	586 770
	Loans from Bayport Financial Services 2010 (Pty) Ltd	79 201 203	22 800 143
	Value Added Taxation payable	8 090 212	-
		87 898 838	23 386 913

The loan from Bayport Financial Services 2010 (Pty) Ltd bears no interest, is unsecured and there are no repayment terms.

Trade and other payables bear no interest and is denominated in South African Rands.

5.	**Interest bearing liabilities**		
	Debentures and loans		
	Senior debt	1 391 393 989	755 000 000
	Mezzanine loan facility	118 415 784	30 000 000
	Warehousing	-	75 000 000
	Junior debentures	199 000 000	72 000 000
		1 708 809 773	932 000 000
	Payable within 12 months	90 289 606	-
	Payable thereafter	1 618 520 167	932 000 000
		1 708 809 773	932 000 000

The Company is not currently, nor was during any point of the year, in breach or default of any provisions of the terms or conditions of the agreements governing borrowings.

5. Interest bearing liabilities (continued)

2010

Senior debt	**Balance**	**Interest**	**Maturity**
Fixed rate loans	466 393 989	11.45% to 12,6%	31 August 2015 to 31 March 2016
Variable rate loans	925 000 000	Jibar plus 4,75% to Jibar plus 4,9%	28 June 2010 to 3 September 2016
	1 391 393 989		

The following has been pledged as security for senior debt:

- The bank accounts of Bayport Securitisation (Pty) Ltd; and
- Pledge and cession of the company's title and interest in loans and advances.

Undrawn facility at year end:

Total undrawn facility: 209 000 000

Mezzanine debt

Fixed rate loans	28 415 784	15,55%	31 March 2010 to 31 March 2016
Variable rate loans	90 000 000	Jibar plus 7,19% to Jibar plus 7,75%	31 August 2015 to 31 March 2016
	118 415 784		

Junior debentures

Junior debentures are made up of the following tranches:

Start date	Repayment date	Interest rate	Balance
30 September 2010	14 May 2035	Prime plus 1,5%	34 000 000
30 September 2010	14 May 2035	17,01% per annum	13 000 000
30 September 2010	14 May 2035	18,69% per annum	25 000 000
17 May 2010	14 May 2035	Prime plus 2%	27 000 000
16 April 2010	14 May 2035	Jibar plus 7,12%	50 000 000
16 April 2010	14 May 2035	Prime plus 1,5%	50 000 000
			199 000 000

2009

Senior debt	Balance	Interest	Maturity
Fixed rate loans	755 000 000	13,25% to 10,26%	1 July 2012 to 30 September 2013
	755 000 000		

5. Interest bearing liabilities (continued)

The following has been pledged as security for senior debt:

- The bank accounts of Bayport Securitisation (Pty) Ltd; and
- Pledge and cession of the company's title and interest in loan and advances.

		Interest	Maturity
Mezzanine debt			
Fixed rate loans	30 000 000	15,53%	2 July 2012
	30 000 000		
Warehousing facility			
Fixed rate loans	75 000 000	10,14%	
	75 000 000		

When the facility reaches R 75 million, the warehousing facility is converted to term funding (senior debt) at the next quarterly payment date.

Junior Debentures

Junior debentures are made up of the following tranches:

Start date	Repayment date	Interest rate	Amount
14 May 2008	14 May 2018	Prime plus 1,5%	34 000 000
14 May 2008	14 May 2018	17,01% per annum	13 000 000
14 May 2008	14 May 2018	18,69% per annum	25 000 000
			72 000 000

At 30 September 2010 all junior debentures were reissued.

	2010 R	2009 R
6. Share capital and share premium		
Authorised		
100 non redeemable preference shares of R 1 each.	100	100
45 ordinary shares of R 20 each (2009: 900 ordinary shares of R 1 each)	900	900
	1 000	1 000
Issued		
100 non redeemable preference shares of R 1 each (2009: 100 non redeemable preference shares of R 1 each)	100	100
25 ordinary shares of R 20 each (2009: 100 ordinary shares of R 1 each)	500	100
	600	200

		2010 R	2009 R
6.	**Share capital and share premium (continued)**		
	Ordinary share capital movements		
	Opening balances	100	100
	Share issue	400	-
	Closing balance	500	100
7.	**Net interest income**		
	Interest and other similar income is earned from:		
	Cash and cash equivalents	2 446 359	622 215
	Loans and advances	536 353 697	183 310 748
		538 800 056	183 932 963
	Interest and other similar expenses are paid on:		
	Bank overdrafts	336 586	3 417
	Interest bearing liabilities	157 308 707	51 318 676
		157 645 293	51 322 093
	Interest and other similar income	538 800 056	183 932 963
	Interest and other similar expense	(157 645 293)	(51 322 093)
		381 154 763	132 610 870
8.	**Non-interest revenue**		
	Non-interest revenue comprises:		
	Monthly service fees-Microloans	63 935 462	23 239 525
	Cellular subscription fees	31 423 920	10 195 282
	Sundry income	188 855	-
	Other	5 191 526	2 407 045
		100 739 763	35 841 852
9.	**Direct costs**		
	Direct costs comprise:		
	Transactional costs	396 425	149 978
	Collection costs	8 591 077	2 056 952
		8 987 502	2 206 930

		2010 R	2009 R
10.	**Indirect costs**		
	Included in indirect costs are the following:		
	Audit fees	622 371	162 500
	Legal fees	45 000	47 253
	Management fees	121 901 418	36 360 617
11.	**Income tax expense**		
	South African tax	(42 194 274)	(7 839 415)
	Deferred tax	6 088 989	(4 079 342)
		(36 105 285)	(11 918 757)
	Tax rate reconciliation:		
	The South African tax rate as well as the Company's effective tax rate was 28% in both 2010 and 2009.		
12.	**Cash generated by operations**		
	Profit before taxation	128 947 445	42 566 988
		128 947 445	42 566 988
13.	**Income taxes paid**		
	Amounts payable at beginning of period	11 054 435	3 215 020
	Charged in the statement of comprehensive income	42 194 274	7 839 415
	Amounts payable at end of period	(29 019 737)	(11 054 435)
	Non cash movement (see note 3)	22 018 965	-
		46 247 937	-
14.	**Dividends paid to preference shareholders**		
	Amounts payable at the beginning of the period	-	-
	Ordinary dividends for the period	50 000 000	-
	Amounts payable at the end of the period	-	-
		50 000 000	-

		2010 R	2009 R
15.	**Cash and cash equivalents at end of period**		
	Bank balances	14 865 409	10 062 841
	Call deposits	102 204 578	3 041 043
		117 069 987	13 103 884
	Bank overdrafts	(417 185)	(65)
	Per statement of cash flows	116 652 802	13 103 819
	The company does not have formal overdraft facilities in place.	-	-
	Positive bank balances carry interest at rates ranging from 3.5% to 4.5% per annum. Interest on overdraft accounts are charged at 9.5% per annum.		
	Positive bank balances have been pledged as security for interest bearing loans.		
16.	**Related parties**		
	Relationships		
	Company which exerts control:		
	Bayport Financial Services 2010 (Pty) Ltd		
	Related party balances		
	Junior debentures issued by Bayport Financial Services (Pty) Ltd (refer to note 5)	199 000 000	72 000 000
	Loans from Bayport Financial Services 2010 (Pty) Ltd	79 584 032	22 800 143
	Related party transactions		
	Interest on junior debentures: Bayport Financial Services 2010 (Pty) Ltd	21 625 889	5 619 976
	Management fee: Bayport Financial Services 2010 (Pty) Ltd	121 901 418	38 360 617

17. Financial risk management

The Group board of directors is responsible for risk management and the setting of the risk management framework. The board makes use of three Transaction Capital board subcommittees; the Assets and Liabilities Committee (ALCO), the Risk Committee and the Audit Committee. The ALCO assists the board with regard to the monitoring of liquidity and funding, interest rates, counterparties, currency exposures and capital adequacy. The Audit Committee assists the board with regard to financial information, accounting policies, internal control and IT governance. The Risk committees function is to assist the board in fulfilling its responsibilities with regard to risk management including setting the risk management framework, setting risk appetite and monitoring the Group's management of risk including credit and compliance.

17. Financial risk management (continued)

17.1 Credit risk

Credit risk management and measurement

The Company manages its exposure to credit losses by assessing customer affordability of repayment of loans and advances, customers risk profile, employment status and stability. Impairments are monitored and provided for using statistical techniques including experiential and behavioural models. These models are based on customers' financial performance information while on book and assume that recent performance is a strong indicator of future performance. Models are either developed internally or by expert external advisors. In the case of key asset classes, independent models are developed to monitor the robustness of the primary models relative to actual performance and to optimise their effectiveness.

The Company has formulated a detailed Impairment Allowance Policy in terms of the principles of IFRS "IAS39 Financial Instruments: Recognition and Measurement".

The Credit Committee is responsible for providing executive management and oversight for all credit risk arising within and impacting on the Company statement of financial position.

The Credit Policy is designed to ensure that the Company's credit process is efficient for the applicant while providing the company with the necessary details to make an informed credit decision. The Company essentially apply a three stage approach to credit advancement as follows:

- basic credit criteria;
- scoring the individual against a proprietary scorecard; and
- verification of details and affordability check.

Instalments on credit agreements are payable monthly, fortnightly or weekly and are fully amortising with no residual payment at the end of the term.

17.1.1. Financial assets subject to credit risk

For the purposes of Company disclosure regarding credit quality, in the maximum exposure to credit risk of financial assets at the statement of financial position is analysed as follows:

	Trade & other receivables R	Loans and advances R	Total R
30 September 2010			
Neither past due nor impaired	74 689	1 343 088 689	1 343 163 378
Past due but not impaired	-	107 984 061	107 984 061
Impaired	-	583 801 433	583 801 433
Total	74 689	2 034 874 183	2 034 948 872
Impairments:			
Specific provision	-	(226 402 607)	(226 402 607)
Incurred but not reported provision	-	(6 682 221)	(6 682 221)
Carrying value of financial assets	74 689	1 801 789 355	1 801 864 044

	Trade & other receivables R	Loans and advances R	Total R
30 September 2009			
Neither past due nor impaired	353 418	760 169 015	760 522 433
Past due but not impaired	-	73 140 565	73 140 565
Impaired	-	339 006 153	339 006 153
Total	353 418	1 172 315 733	1 172 669 151
Impairments:			
Specific provision	-	(132 585 242)	(132 585 242)
Incurred but not reported provision	-	(8 692 488)	(8 692 488)
Carrying value of financial assets	353 418	1 031 038 003	1 031 391 421

17.1.2 Financial assets that are past due but not impaired

These are assets where contractual interest or principal payments are past due, but the Company believes that impairment is not appropriate. Recent payment history is a key consideration in determining whether an asset is impaired. The age of loans and advances to customers and other assets that are past due but not impaired is as follows:

Company

	Past due up to 1 month R	Past due up to 1 – 2 months R	Past due up to 2 – 3 months R	Past due up to 3 – 4 months R	Total R
2010					
Loans and advances	107 984 061	-	-	-	107 984 061
Financial assets that are past due but not impaired	107 984 061	-	-	-	107 984 061
2009					
Loans and advances	73 140 566	-	-	-	73 140 566
Financial assets that are past due but not impaired	73 140 566	-	-	-	73 140 566

17.1.3 Cash and cash equivalents

The Company maintains cash and cash equivalents and short-term investments with various financial institutions and in this regard it is the Company's policy to limit its exposure to any one financial institution. Deposits are placed only with South African banks and limited to the A rated banks within South Africa.

At the date of the statement of financial position, the Company did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

17. Financial risk management (continued)

17.2 Interest rate risk

Interest rate risk is the risk of loss arising from the fair value or future cash flows of a financial instrument because of changes in market interest rates.

The Company is exposed to interest rate risk as it borrows and places funds. This risk is managed by utilising an appropriate mix of fixed and floating rate borrowings and by placing funds on short term deposit.

17.2.1 Risk profile of interest bearing liabilities and assets

2010	Floating rate liabilities R	Fixed rate liabilities R	Floating rate assets R	Fixed rate assets R	Net asset/ (liability) R
Secured borrowing/ Unsecured Lending	(1 176 000 000)	(532 809 772)	-	1 801 789 355	92 979 583
Total	(1 176 000 000)	(532 809 772)	-	1 801 789 355	92 979 583
2009					
Secured borrowing/ Unsecured Lending	(34 000 000)	(898 000 000)	-	1 031 038 003	99 038 003
Total	(34 000 000)	(898 000 000)	-	1 031 038 003	99 038 003

17. Financial risk management (continued)

17.3 Liquidity risk management

Liquidity risk is the risk that the Company is unable to meet payment obligations when they fall due or that insufficient funds are available to meet loan demands in the ordinary course of business. The Company's objectives in relation to liquidity risk management are to manage the contractual mismatch between cash inflows from assets and cash outflows to liabilities, to fund the expected statement of financial position growth, to honour all cash outflow commitments, to avoid raising funds at market premiums or through the forced sale of assets as a result of liquidity pressure, and to take advantage of attractive but unanticipated borrowing opportunities.

Company oversight of liquidity risk is achieved through the Asset and Liability Committee (ALCO). The monitoring and reporting of liquidity risk takes the form of, as a minimum, cash flow projections to settlement of the longest dated funding obligations by entities within the Company, an analysis of the Company's borrowing facilities and utilisation thereof, borrowing facilities under discussion, maturity profile and concentration of liability to by counterparty, asset maturities and borrowing facility obligations and special conditions.

The Transaction Capital Goup's Debt Capital Markets (DCM) team is responsible for executing on fund raising mandates in support of their respective business models. This includes the ongoing assessment and evaluation of various funding sources designed to grow and diversify the Company's funding base in order to achieve an optimal funding profile and sound liquidity risk management. The DCM team is also responsible for the ongoing monitoring of asset portfolio performance and its impact on funder obligations including covenants.

The Company manages its daily cash flow requirements, to ensure funding covenants are maintained, to produce financial projections to monitor the impact of business trends on future funding requirements and covenants and to notify the DCM team of any changes to the business environment that may impact funding requirements.

The Company is exposed to interest rate risk associated with the effects of fluctuations in the prevailing levels of market rates on their financial positions and cash flows. The table below summarises the exposure to interest rate risk through grouping assets and liabilities into repricing categories, determined by date of maturity.

17. Financial risk management (continued)

17.3 Liquidity risk management

2010	Up to 1 month R	1 to 3 months R	4 to 12 months R	Beyond 12 months R	Non-interest sensitive items R	Total R
Assets						
Cash and cash equivalents	102 202 562	-	-	-	14 867 425	117 069 987
Trade and other receivables	-	-	-	-	74 689	74 689
Loans and advances	-	-	-	-	1 801 789 355	1 801 789 355
Deferred tax assets	-	-	-	-	14 212 113	14 212 113
Total assets	102 202 562	-	-	-	1 830 943 582	1 933 146 144
Liabilities and equity						
Bank overdrafts	417 185	-	-	-	-	417 185
Trade and other payables	-	-	-	-	87 898 838	87 898 838
Interest bearing liabilities	-	-	22 165 570	1 153 834 430	532 809 773	1 708 809 773
Tax liabilities	-	-	-	-	29 019 737	29 019 737
Shareholders' equity	-	-	-	-	107 000 611	107 000 611
Total liabilities and equity	417 185	-	22 165 570	1 153 834 430	756 728 959	1 933 146 144
Interest sensitivity	101 785 377	-	(22 165 570)	(1 153 834 430)	1 074 214 623	-

17. Financial risk management (continued)

17.3 Liquidity risk management (continued)

2009	Up to 1 month R	1 to 3 months R	4 to 12 months R	Beyond 12 months R	Non-interest sensitive items R	Total R
Assets						
Cash and cash equivalents	-	-	-	-	13 103 884	13 103 884
Trade and other receivables	-	-	-	-	353 418	353 418
Loans and advances	-	-	-	-	1 031 038 003	1 031 038 003
Deferred tax assets	-	-	-	-	1 825 423	1 825 423
Total assets	-	-	-	-	1 046 320 728	1 046 320 728
Liabilities and equity						
Bank overdrafts	-	-	-	-	65	65
Trade and other payables	-	-	-	-	23 386 913	23 386 913
Interest bearing liabilities	-	-	-	34 000 000	898 000 000	932 000 000
Tax liabilities	-	-	-	-	11 054 435	11 054 435
Deferred tax liabilities	-	-	-	-	15 721 264	15 721 264
Shareholders' equity	-	-	-	-	64 158 051	64 158 051
Total liabilities and equity	-	-	-	34 000 000	1 012 320 728	1 046 320 728
Interest sensitivity	-	-	-	(34 000 000)	34 000 000	-

Assuming the financial assets and liabilities on hand at 30 September 2010 were to remain on hand until maturity or settlement without any action to alter the resulting interest rate risk exposure, an immediate and sustained 1% parallel decline in the yield curve could result in the net interest income of the Company for the next twelve months increasing by R12 861 268.

17. Financial risk management (continued)

17.3 Liquidity risk management (continued)

The table below analyses financial liabilities and assets at the statement of financial position date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

2010	On demand	Within 1 year	From 1 – 5 years	More than 5 years	Total
Assets	R	R	R	R	R
Cash and cash equivalents	117 069 987	-	-	-	117 069 987
Trade and other receivables	-	74 689	-	-	74 689
Loans and advances	-	1 428 632 948	1 781 703 798	-	3 210 336 746
Financial assets	117 069 987	1 428 707 637	1 781 703 798	-	3 327 481 422
Non - financial assets	-	14 212 114	-	-	14 212 114
Total assets	117 069 987	1 442 919 751	1 781 703 798	-	3 341 693 536
Liabilities					
Bank overdrafts	417 185	-	-	-	417 185
Trade and other payables	-	87 898 838	-	-	87 898 838
Tax liabilities	-	29 019 738	-	-	29 019 738
Interest bearing liabilities	-	295 473 823	1 890 826 299	263 002 296	2 449 302 418
Financial Liabilities	417 185	412 392 399	1 890 826 299	263 002 296	2 566 638 179
Non - financial liabilities	-	-	-	-	-
Total liabilities	417 185	412 392 399	1 890 826 299	263 002 296	2 566 638 179
Shareholders' equity	-	-	-	107 000 611	107 000 611
Total equity and liabilities	417 185	412 392 399	1 890 826 299	370 002 907	2 673 638 790
Net liquidity position of financial assets and liabilities	116 652 802	1 016 315 238	(109 122 501)	(263 002 296)	760 843 243

The fair value of debentures included in the financial liabilities of the company at year end amount to R 55 141 901.

17. Financial risk management (continued)

17.3 Liquidity risk management (continued)

2009

Assets	On demand R	Within 1 year R	From 1 – 5 years R	More than 5 years R	Total R
Cash and cash equivalents	13 103 818	-	-	-	13 103 818
Trade and other receivables	-	353 418	-	-	353 418
Loans and advances	-	970 235 094	1 049 273 738	-	2 019 508 832
Financial assets	13 103 818	970 588 512	1 049 273 738	-	2 032 966 068
Non - financial assets	-	1 825 423	-	-	1 825 423
Total assets	13 103 818	972 413 935	1 049 273 738	-	2 034 791 491
Liabilities					
Bank overdrafts	65	-	-	-	65
Trade and other payables	-	586 770	-	22 800 143	23 386 913
Tax liabilities	-	11 054 436	-	-	11 054 436
Interest bearing liabilities	-	-	-	1 270 736 330	1 270 736 330
Financial Liabilities	65	11 641 206	-	1 293 536 473	1 305 177 744
Non - financial liabilities	-	-	-	15 721 264	15 721 264
Total liabilities	65	11 641 206	-	1 309 257 737	1 320 899 008
Shareholders' equity	-	-	-	64 158 051	64 158 051
Total equity and liabilities	65	11 641 206	-	1 373 415 788	1 385 057 059
Net liquidity position of financial assets and liabilities	13 103 753	958 947 306	1 049 273 738	(1 309 257 737)	712 067 060

17. Financial risk management (continued)

17.4 Capital management

The objective of the Company's capital management strategy is to maximise shareholders value. To achieve this, the Company considers the capital required to support growth to maintain credit ratings and to comply with the borrowing covenants. Company oversight is achieved through the ALCO.

The Company defines capital as equity and subordinated loans from shareholders.

Shareholder funding comprises permanent paid up capital, revenue and other reserves together with loans from shareholders.

The policy is to maintain a strong capital base so as to retain investor and creditor confidence and to sustain future growth of the businesses of the Company. The board of directors monitors the cost of capital, which is defined as the weighted average cost of capital, taking into account the Company's internally calculated cost of equity (shareholder funding) and long term cost of debt assumptions.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position.

17.5 Insurance and assurance risk

Insurance and assurance risk is the risk assumed under any insurance contract which the insured event occurs. By the very nature of an insurance or assurance contract, this risk is random and unpredictable.

Exposure to assurance risk

The Company has taken cession of the life assurance taken out by the clients on their credit agreements with accredited insurers. The Company is not exposed to underwriting risk.

17. Financial risk management (continued)

	Value subject to interest rate risk	Effect on profit before tax of 1% change in rates	Total carrying value of asset class
	R	R	R
17.6 Sensitivity analysis			
The Company's' exposures to various financial risks are set out below:			
Interest rate risk			
30 September 2010			
Assets			
Loans and advances:	-	-	1 801 789 355
Trade and other receivables	-	-	74 689
Cash and cash equivalents	102 202 562	(255 506)	117 069 987
	102 202 562	(255 506)	1 918 934 031
Liabilities			
Interest bearing borrowings	1 176 000 000	13 112 603	1 708 809 773
Trade and other payables	-	-	87 898 838
Bank overdrafts	417 185	4 172	417 185
	1 176 417 185	13 116 775	1 797 125 796
30 September 2009			
Assets			
Loans and advances:	-	-	1 031 038 003
Trade and other receivables	-	-	353 318
Cash and cash equivalents	13 103 884	(32 760)	13 103 884
	13 103 884	(32 760)	1 044 495 205
Liabilities			
Interest bearing borrowings	34 000 000	340 000	932 000 000
Trade and other payables	-	-	23 386 913
Bank overdrafts	65	1	65
	34 000 065	340 001	955 386 978

The fair values of the net assets and liabilities shown above are not materially different from their carrying values.