

MW ASSET RENTALS PROPRIETARY LIMITED

(Registration number: 2002/030074/07)

Annual financial statements

Year ended 31 March 2014

MW ASSET RENTALS PROPRIETARY LIMITED

ANNUAL FINANCIAL STATEMENTS

Year ended 31 March 2014

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Securitisation special purpose vehicle
Directors	S Naidoo R Mohlala R J Jaspan
Business address	3 rd Floor 82 On Maude Maude Street Sandton 2196
Ultimate holding entity	MW Asset Rentals Debenture Holders Trust Registered in South Africa
Bankers	Nedbank Limited Firstrand Bank Limited Absa Bank Limited
Auditors	Grant Thornton (Jhb) Inc. Registered Auditors Chartered Accountants (S.A.) South African member of Grant Thornton International
Company Registration number	2002/030074/07
Secretary	Morestat Corporate Services Proprietary Limited
Business address	6 Cosmos Street Primrose 1401
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, as amended
Preparer	The annual financial statements were prepared under the supervision of Matthew Saunders CA (SA)

MW ASSET RENTALS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS
Year ended 31 March 2014

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MW ASSET RENTALS PROPRIETARY LIMITED

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

Year ended 31 March 2014

The directors are required in terms of the Companies Act 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 year and the results of its operations and cash flows for the period 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 judgments and estimates.

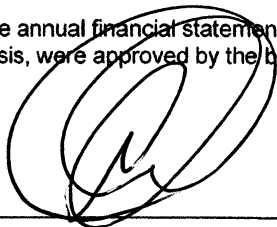
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards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

The directors are of the opinion, based on the information and explanations given by management that the 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.

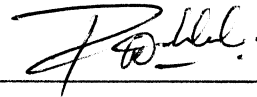
The directors have reviewed the company's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational.

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

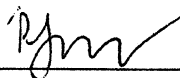
The annual financial statements set out on pages 6 to 26 which have been prepared on the going concern basis, were approved by the board on 11 September 2014 and were signed by:



S Naidoo



R Mohlala



R J Jaspan



MW Asset Rentals Proprietary Limited

(Registration number 2002/030074/07)

Annual Financial Statements for the year ended 31 March 2014

We have audited the financial statements of MW Asset Rentals Proprietary Limited set out on pages 6 to 26, which comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

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

Supplementary information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 27 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on it.

Grant Thornton (Jhb) Inc
Chartered Accountants (SA)
Per : Ann Van Den Berg

Sandton
11 September 2014

MW ASSET RENTALS PROPRIETARY LIMITED

DIRECTORS' REPORT

Year ended 31 March 2014

The directors have pleasure in submitting the financial statements of the company for the year ended 31 March 2014.

Nature of business

The company is a securitisation special purpose vehicle created solely to acquire equipment finance agreements from group companies.

Share capital

The issued share capital of the company is 120 ordinary shares of R1 each. There were no changes in the authorised or issued share capital of the company during the period under review.

Financial results

The results of the company are detailed in the annual financial statements and do not in our opinion require further comment.

Debentures issued

During the year under review debentures to the value of R214 000 000 (2013: R108 000 000) were issued by the company.

The debentures are secured by a cession of finance debtors and equipment underlying the finance debtors (refer to notes 2 and 3). Debentures bear interest at prime less 1.5% and/or prime less 1.25%. Refer to note 6 for redemption details.

Holding entity

The company is wholly owned by the MW Asset Rentals Debenture Holders Trust, a trust set up solely for the purposes of holding the equity of the company.

Controlling company

The controlling company is Merchant West Proprietary Limited and the ultimate controlling company is Merchant West Holdings Proprietary Limited.

Dividends

No ordinary dividend was declared and paid to the shareholders.

Directorate and secretary

The names of the directors of the company, together with the address of the secretary, appear on page 1.

Auditors

The directors' recommend that Grant Thornton (Jhb) Inc. continues in office as the auditors in accordance with section 90 of the Companies Act of South Africa.

Subsequent events and going concern

No other material circumstances or events occurred since the date of the statement of financial position. At signature date the company continues to trade as a going concern.

MW ASSET RENTALS PROPRIETARY LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 March 2014

	Note	2014 R	2013 R
Assets			
Non-current assets			
		307 506 439	203 552 061
Long-term portion of loans and advances to customers	2	307 506 439	203 552 061
Current assets			
		216 965 968	166 936 245
Short-term portion of loans and advances to customers	2	183 922 796	141 712 126
Trade and other receivables	3	17 756 912	15 070 652
Cash and cash equivalents	4	15 286 260	10 153 467
Total assets		524 472 407	370 488 306
Equity and liabilities			
Capital and reserves			
		116 215 712	63 617 513
Share capital	5	120	120
Accumulated profit		71 215 592	46 395 393
Subordinated shareholders loan	8	45 000 000	17 222 000
Non-current liabilities			
		270 218 799	171 923 856
Long-term portion of debentures issued	6	260 643 686	163 411 273
Deferred tax	7	9 575 113	8 512 583
Current liabilities			
		138 037 896	134 946 937
Short-term portion of debentures issued	6	100 669 619	73 823 617
Short-term portion of interest bearing liability	8	32 664 898	58 197 641
Trade and other payables	9	2 822 900	1 452 340
Taxation payable		1 880 479	1 473 339
Total equity and liabilities		524 472 407	370 488 306

MW ASSET RENTALS PROPRIETARY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	Note	2014 R	2013 R
Interest received	10	54 578 007	41 089 182
Interest paid	11	(34 523 201)	(28 580 842)
Net interest received		20 054 806	12 508 340
Other income		15 228 213	9 448 941
Profit from lending activities		35 283 019	21 957 281
Operating expenses		(1 217 512)	(470 613)
Profit before tax	12	34 065 507	21 486 668
Taxation	13	(9 245 308)	(6 040 456)
Profit for the year		24 820 199	15 446 212

MW ASSET RENTALS PROPRIETARY LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2014

	Share Capital	Accumulated Profit	Subordinated Funds	Total
	R	R	R	R
Balance at 31 March 2012	120	30 949 181	17 222 000	48 171 301
Profit for the year	-	15 446 212	-	15 446 212
Balance at 28 February 2013	120	46 395 393	17 222 000	63 617 513
Profit for the year	-	24 820 199	-	24 820 199
Transfer to subordinated funds		-	27 778 000	27 778 000
Balance at 31 March 2014	120	71 215 592	45 000 000	116 215 712
Note	5		8	

MW ASSET RENTALS PROPRIETARY LIMITED**STATEMENT OF CASH FLOWS***Year ended 31 March 2014*

	Note	2014 R	2013 R
Cash flows from operating activities		24 974 168	5 393 787
Cash generated/(utilised) in operations	14	12 695 000	(2 047 237)
Interest received	10	54 578 007	41 089 182
Interest paid	11	(34 523 201)	(28 580 842)
Taxation paid	14.1	(7 775 638)	(5 067 316)
Increase in finance debtors		(103 954 378)	(75 974 277)
Cash flows from financing activities		84 113 003	74 184 660
Increase in interest bearing liabilities		(39 965 412)	29 614 249
Issue of debenture capital (net of repayments)		124 078 415	44 570 411
Net increase/(decrease) in cash and cash equivalents		5 132 793	3 604 170
Cash and cash equivalents at beginning of year		10 153 467	6 549 297
Cash and cash equivalents at end of year		15 286 260	10 153 467

MW ASSET RENTALS PROPRIETARY LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Year ended 31 March 2014

1. Accounting policies

1.1 Basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The financial statements are prepared on the historical cost basis except for certain classes of financial instruments, as set out in accounting policy note 1.7 and incorporate the following principal accounting policies.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

1.2 Instalment finance

Rental, lease and instalment sale contracts entered into with a fellow subsidiary and administered on their behalf are regarded as financing transactions and rental installments receivable thereunder, less unearned finance charges, are included in finance debtors on the statement of financial position. In addition, accounting policies applicable to financial instruments are applied to these items.

1.3 Revenue

Revenue, which excludes value added tax, consists of finance charges and related income earned on rental, lease and instalment sale agreements, ancillary rental stream income, settlement profit as well as other amounts which represent the gross value of goods invoiced.

Revenue earned on rental, lease and instalment sale agreements is recognized over the periods of the agreements. Finance charges are credited to income on an effective yield basis.

Ancillary rental income is recognised on an invoice basis when earned.

Settlement profit is recognised on settlement date.

Profit on sale of secondary equipment is recognised when the significant risks and rewards of ownership are transferred to the buyer and it is probable that the economic benefits, which can be measured reliably, will flow to the enterprise.

1.4 Taxation

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 statement of financial position date.

A provision is raised for amounts expected to be paid to the Receiver of Revenue at year end. To the extent that tax is refundable to the company at year end, an asset is raised.

1.5 Deferred taxation

Deferred taxation is provided for on the statement of financial position liability method using the comprehensive basis in respect of income tax payable in future periods in respect of taxable and deductible temporary differences. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base.

Deferred taxation is recognised on all temporary differences other than those that arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time affects neither the