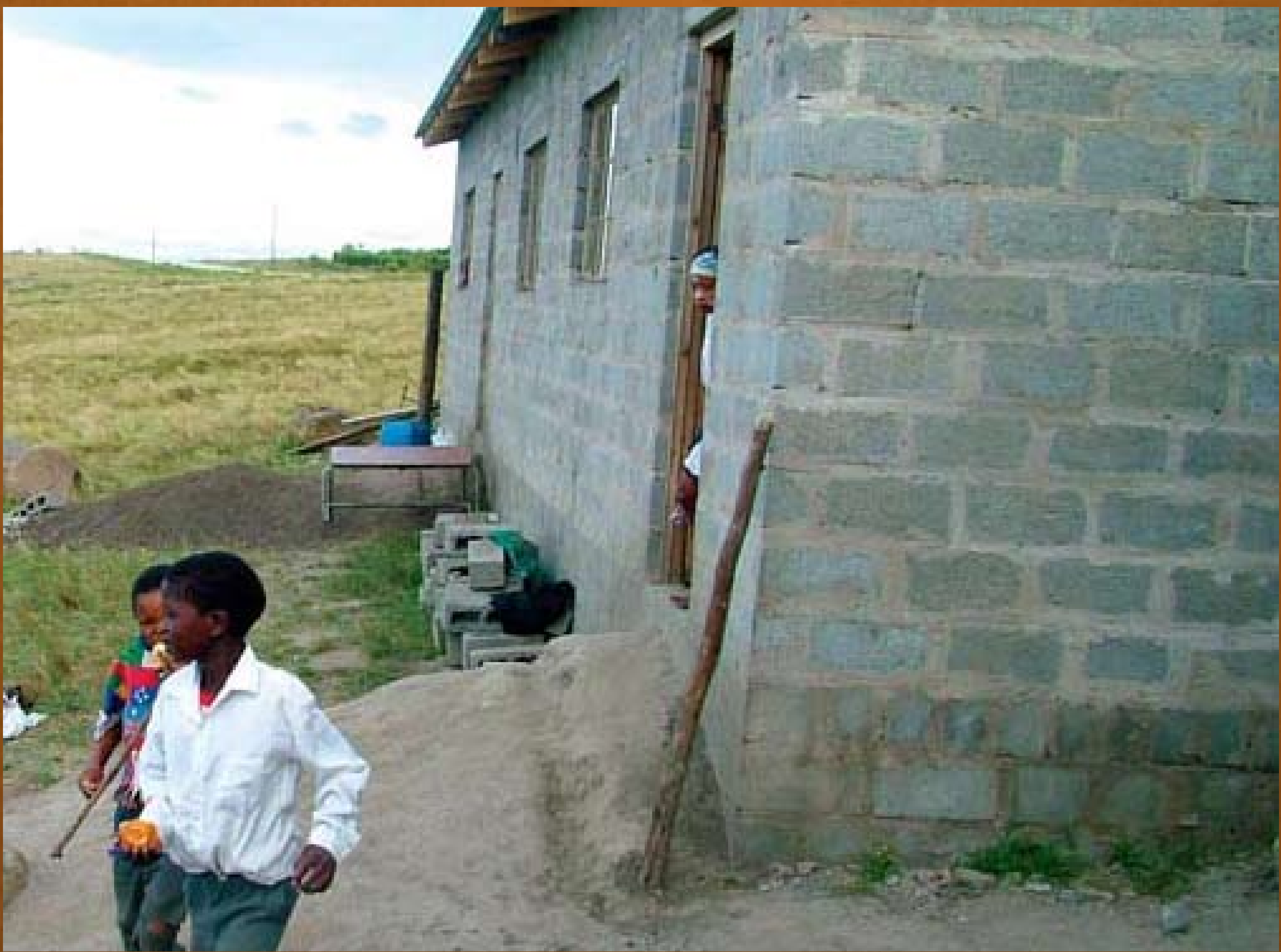
When one door of happiness closes, another opens; but often we look so long at the closed door that we do not see the one which has been opened for us.

Helen Keller.



(Association not for gain incorporated under Section 21)

(REG NO. 1996/10988/08)

ANNUAL FINANCIAL STATEMENTS

31 MARCH 2009

CONTENTS

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for monitoring and reviewing the preparation, integrity and reliability of the financial statements, accounting policies and related information.

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and Statements of Generally Recognised Accounting Practice. They are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors are satisfied that the information contained in the financial statements fairly present the results of the operations for the year and the financial position of the company at year-end.

The financial statements set out on pages 37 to 73 were approved by the Board of Directors on 28 July 2009 and are signed on its behalf by:

T MEMELA-KHAMBULE
Chairperson

JJ FAKAZI
Acting Managing Director

CERTIFICATION BY COMPANY SECRETARY

It is hereby certified in terms of Section 268(G) of the Companies Act 1973, as amended, that for the year ended 31 March 2009, the Company has lodged with the Registrar of Companies all such returns as are required of a company incorporated under s21 of the Companies Act, in terms of this Act and that all such returns are true, correct and up to date.

H POTGIETER
Company Secretary

CORPORATE GOVERNANCE STATEMENT

31 MARCH 2009

FINANCIAL STATEMENTS

It is the directors' responsibility to prepare annual financial statements that fairly present the state of affairs of the company as at the end of the financial year and the results of its operations. The external auditors are responsible for independently reviewing and reporting on these financial statements.

The financial statements set out in this report have been prepared by management in accordance with South African Statements of Generally Accepted Accounting Practice and Generally Recognised Accounting Practice, and in compliance with the Companies Act, 1973 as amended. They are based on appropriate accounting policies that are supported by reasonable and prudent judgments and estimates.

BOARD OF DIRECTORS

The composition of the board of directors provides for a majority of non-executive directors, including a non-executive chairperson.

The board of directors retains full and effective control over the Company, monitors management and ensures that decisions on material matters are in the hands of the board.

Details of the non-executive chairperson and directors are provided in the Directors' report.

All directors have access to the advice and services of the Company Secretary and are entitled to seek independent professional advice about the Company's affairs at the Company's expense.

A number of board committees, which are discussed below, have been established by the board; these committees have the necessary delegated authority for them to deal effectively with the management of the Company, and to support the board in discharging its responsibilities.

AUDIT COMMITTEE

The external and internal auditors have free access to this committee. The committee meets periodically with management and the external and internal auditors to review the financial statements and accounting policies, the effectiveness of management information and other systems of internal control, quarterly financial reports, and to discuss the auditors' findings. The auditors are appointed each year based on the recommendations of the audit committee.

CREDIT COMMITTEE

The credit committee meets regularly to approve the granting of new facilities to clients, to approve changes to existing facilities and to monitor credit and related risks in terms of the Risk Management Policy.

DEVELOPMENT COMMITTEE

The development committee is charged with the responsibility of managing the implementation of the marketing and promotion strategy and the approval of matching development grants to qualifying applicants for marketing and operational adjustments to their businesses.

HUMAN RESOURCES, ETHICS AND REMUNERATION COMMITTEE

The human resources, ethics and remuneration committee is charged with the management of human resources, the provision of guidance and monitoring with regard to ethical issues and the review of employee remuneration.

MANAGEMENT

Management has carried out the following functions:

To fulfil its responsibilities, the management developed and maintained systems of internal control and adequate accounting records.

INTERNAL AUDITING

The internal audit function is an independent appraisal function to examine and evaluate the Company's activities, including the management of the Company. Its objective is to assist members of executive management in the effective discharge of their responsibilities. The scope of the internal audit function is to review the reliability and integrity of financial and management information, the systems of internal control, the safeguarding of assets, the efficient management of the company's resources, and the effective conduct of its operations. The head of Internal Audit has unrestricted access to the chair of the audit committee and the chair of the board.

GOING CONCERN

The directors have no reason to believe that the business will not be a going concern in the year ahead.

BOARD AND SUB COMMITTEE MEETINGS ATTENDANCE RECORD

	2008									2009			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Board Meetings													
Date			10	30				25				10	
Ms T Memela-Khambule			x	x				x				x	4
Mr M Hathorn			x	x				x				A	3
Mr M Pule			A	A				A				x	1
Mr M Silinga			A	x				x				A	2
Mr K Oliver			x	x				x				x	4
Mr JH de V Botha			x	x				x				x	4
Mrs N Makiwane			x	A				x				x	3
Ms T Chiliza			x	x				x				x	4
Mrs N Sihlwayi			x	x				A				x	3
Ms G Mthethwa			x	x				x				x	3
Mr L Mashaba			x	x				A				A	2
Board Credit Committee													
Date				22	19		21	18				17	
Mr M Hathorn				x	x		x	x				A	4
Mr K Oliver				x	x		x	x				x	5
Mr JH de V Botha				x	x		x	x				x	5
Ms G Mthethwa				x	x		A	A				x	3
Audit Committee													
Date				15				20			17		
Mr M Silinga				x				x			x		3
Mr K Oliver				x				x			x		3
Mrs N Makiwane				x				x			x		3
M Pule													0
Ms G Mthethwa				x				x			x		3
HRER Committee													
Date											24		
Ms T Memela-Khambule											A		0
Mr M Hathorn											x		1
Ms T Chiliza											x		1
Mrs N Sihlwayi											A		0

A: Apology

REPORT OF THE AUDIT COMMITTEE

In terms of Treasury Regulations 27.1.7 and 27.1.10 (b) and (c) as required by the Public Finance Management Act of 1999, as amended by Act 29 of 1999, we are pleased to present our report for the financial year ended 31 March 2009.

Audit Committee Members and Attendance

The audit committee consists of the members listed hereunder and meets not less than two times per annum as per its approved terms of reference. During the current year 3 meetings were held.

Name of member	Number of meetings attended
K O Oliver	3
P Silinga	3
N Makiwane	3
G Mthethwa	3
M Pule	0

Audit Committee responsibility

The audit committee reports that it has complied with its responsibilities arising from Section 51(1) (a) of the PFMA and Treasury Regulation 27.1.

Section 51(1) (a) of the PFMA states the following:

(a) The accounting authority must ensure that the public entity has and maintains-

- i) Effective, efficient and transparent systems of financial and risk management and internal control
- ii) A system of internal audit under the control and direction of the audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77
- iii) An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.

The audit committee also reports that it has adopted appropriate terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all it's responsibilities as contained therein.

Effectiveness of internal control

The audit committee is of the opinion, based on information and explanations given by management and the internal auditors and discussions with the independent external auditors on the results of their audits and the status in addressing any matters raised, that the internal accounting controls are operating satisfactorily, to ensure that the financial records may be relied upon for preparing the annual financial statements, and accountability for assets and liabilities is maintained.

Nothing significant has come to the attention of the audit committee to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

Risk areas

There were no major sources of risk identified in the scope for internal audit for the period under review.

Internal audit

The internal audit function focused its attention on areas of financial management, budget review, property plant and equipment, procurement, human resources, cash and bank, income and expenditure, investments, other assets, IT systems, fraud prevention and company secretarial. The general conclusion reached by internal audit in terms of its report dated December 2008 was that the control environment at RHLF was found to be acceptable and adequate.

The quality of in-year management and monthly and quarterly reports submitted in terms of PFMA

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued during the year under review.

Legal compliance

The organisation has complied with all legislative and regulatory provisions.

Evaluation of Annual Financial Statements

The audit committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the independent external auditor and the Accounting Authority
- Reviewed changes in accounting policies and practices
- There were no adjustments resulting from the audit.

The Audit Committee concurs and accepts the independent external auditors' conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the independent external auditors.

____

K OLIVER
Chairperson of the Audit Committee
Date 28 July 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE MINISTER OF HUMAN SETTLEMENTS AND MEMBERS OF RURAL HOUSING LOAN FUND

31 MARCH 2009

Report on the financial statements

We have audited the annual financial statements of Rural Housing Loan Fund which comprise the directors' report, the statement of financial position as at 31 March 2009, the statement of comprehensive income, statement of change in equity, statement of cash flow for the year then ended, a summary of significant accounting policies and explanatory notes as set out in pages 34 to 73.

Directors' responsibility

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Practice and Generally Recognised Accounting Practice and in the manner required by the Public Finance and Management Act (Act No.1 of 1999) and by the Companies Act of South Africa (Act No.61 of 1973). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Auditors' 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 whether the financial statements are free from material misstatement. The audit was also planned and performed to obtain reasonable assurance that our duties in terms of sections 27 and 28 of the Public Audit Act, 25 of 2004, have been complied with.

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 judgment, including the assessment of the risks of material misstatement on 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 fairly present, in all material respects, the financial position of the Rural Housing Loan Fund at 31 March 2009, and the results of their operations and cash flows for the year ended, in accordance with the Generally Accepted Accounting Practice and Generally Recognised Accounting Practice and in the manner required by the Public Finance and Management Act (Act No.1 of 1999) and by the Companies Act of South Africa (Act No.61 of 1973).

REPORT OF THE INDEPENDENT AUDITORS TO THE MINISTER OF HUMAN SETTLEMENTS AND MEMBERS OF RURAL HOUSING LOAN FUND (CONTINUED)

31 MARCH 2009

Report on performance information

We have performed procedures of an audit nature on the performance information set out on page 34.

Directors' responsibility for the performance information

The Company's directors have additional responsibilities as required by section 55 (2) (a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

Auditor's responsibility

We conducted our engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No 25 of 2004) read with General Notice 616 of 2008, issued in Government Gazette No 31057 of 15 May 2008.

In terms of the foregoing our engagement entailed performing procedures of an audit nature to obtain an understanding of the internal controls relating to performance information, including the related systems, processes and procedures. Our procedures included conducting limited substantive procedures on the performance information. The procedures selected depend on the auditor's judgment.

We believe that the evidence we have obtained provides a basis for reporting material shortcomings in the process, systems and procedures of reporting against predetermined objectives that may come to our attention during the performance of our engagement and that may impact on the public interest, in the findings below.

Opinion

In our opinion, the performance information presented on page 34, fairly presents in all material respects, the Rural Housing Loan Fund's performance for the year ended 31 March 2009 against predetermined objectives and is, where applicable consistent with that of the preceding year.

Gobodo Inc

Gobodo Inc

Registered Auditor

Per Chico Patel

Chartered Accountants (SA), Registered Auditor

Director, 28 July 2009

1st Floor, Block B, Empire Park, 55 Empire Road, Parktown, Johannesburg

REPORT OF THE DIRECTORS

31 MARCH 2009

The directors have pleasure in presenting their report on the activities of the Company for the year ended 31 March 2009.

Nature of activities

The Rural Housing Loan Fund was incorporated in the Republic of South Africa in terms of Section 21 of the Companies Act on 19 August 1996, as an association not for gain. The Company is listed as a Schedule 3A public entity in terms of the Public Finance and Management Act.

The Company operates its business in the Republic of South Africa and acts as a wholesale lender of funds to retail lending intermediaries which provide finance to low income persons living in rural areas, for purposes of providing or improving housing. The funds may also be applied to making Market Development grants designed to facilitate preparatory studies by intermediary institutions for developing new loan products or delivery mechanisms to fund rural housing.

Results of operations

The financial results of the company for the year, and its financial position at year-end are set out on pages 37 to 73.

It has always been our target to maintain the real inflation-adjusted value of our capital base, and with a positive net surplus for the year of R10,7 million (2008: R8.0 million) we are certainly able to achieve this. The surplus can be attributed to a 33% growth in our revenue and maintaining tight control on operating expenses. We have been able to keep expenses stable for the past 5 years. Kreditanstalt für Wiederaufbau (KfW) changed the procedure for dealing with the Accompanying Measure, from an advance paid upfront to claiming expenses after the fact. This resulted in us having to transfer € 260 thousand back to KfW. This transaction resulted in a foreign exchange loss of R1,5 million for the year. The transfer did not however affect the available facility under the Accompanying Measure. Despite the current economic down turn we were able to maintain the total loan loss provision at 16.3% (2008: 16.1%) of gross loans receivable. This can be attributed to continued growth and improved credit management by our retail partners.

During the year under review, loan and equity disbursements totalling R85 million (2008: R106 million) were made. At year-end, client facilities amounting to R28 million (2008: R53 million) had been approved, but not yet disbursed.

Strategic goal	Strategic objective	Key performance indicator	Target	Results
Empower rural people to maximize their housing options and improve their living conditions with access to credit from sustainable retail lenders.	Broaden and deepen the reach of rural housing finance.	Number of end-user loans per year	35,000	40,537
		Value of disbursements (R millions)	111.60	139.31
		% of disbursements outside Gauteng	75%	71%
		% of lenders earning R3500 or less	60%	59%
		% of lenders earning R6000 or more	15%	19%
Long term financial sustainability	Real Capital Preservation	Cost revenue ratio	31%	24%
		Loans receivable impairment	19%	16%

DIRECTORS EMOLUMENTS

BOARD OF DIRECTORS

Non Executives	Directors Fees
Ms T Memela-Khambule	R 32,000
Mr M Pule	R 4,000
Mr M Silinga	R 20,000
Mr K Oliver	R 60,000
Mr JH de V Botha	R 44,000
Mrs N Makiwane	R 24,000
Ms T Chiliza	R 20,000
Mrs N Sihlwayi	R 16,000
Ms G Mthethwa	R 40,000
	R 260,000

Executives		Directors Fees
Mr W van Emmenis	- Basic Salary	R 643,473
(1 April 2008 to 31 July 2008)	- Expenses Allowances	R 40,000
	- Medical Aid	R 13,144
	- Provident Fund	R 59,776
		R 756,393
Mr A Jager	- Basic Salary	R 555,719
(Acting from 1 August 2008 to 31 December 2008)	- Expenses Allowances	R 30,000
		R 585,719
Mr JJ Fakazi	- Basic Salary	R 159,096
(Acting from 5 January 2009)	- Expenses Allowances	R 21,000
	- Medical Aid	R 10,839
	- Provident Fund	R 28,434
		R 219,369

The following non-executive directors fees were paid to the director's employer:

Mr M Hathorn	R 40,000
Mr L Mashaba	R 8,000
	R 48,000
Total	R 308,000

Controlling entity

The membership of the company consists of nominees of the Department of Housing of the South African Government.

Additional funding

No additional funding was received during the current financial year. An estimated R19 million of loan funding remains available under the loan facility with Development Bank of Southern Africa (DBSA) and Kreditanstalt für Wiederaufbau (KfW). Further details are disclosed under note 10 of the annual financial statements.

The Company also has use of an Accompanying Measure granted in terms of a bilateral agreement between the governments of South Africa and Germany. The initial allocation of €1.533 million and an additional allocation of €0.500 million, has been utilised for research, market development and technical advice, to the extent that at 31 March 2009 €0.692 million remains unutilised.

DIRECTORS AND SECRETARY

The directors in office during the year and as at the date of this report are:

Chair	Date Appointed	Date Resigned
Ms T Memela-Khambule	27 May 1998	

Executive Director	Date Appointed	Date Resigned
Mr W J van Emmenis (Managing Director)	09 October 2001	31 July 2008
Mr A Jager (Acting Managing Director)	01 August 2008	31 December 2008
Mr JJ Fakazi (Acting Managing Director)	05 January 2009	

Non - Executive Director	Date Appointed	Date Resigned
Mr M Hathorn	27 May 1998	
Mr M Pule	27 May 1998	
Mr M Silinga	27 May 1998	
Mr K Oliver	23 February 2000	
Mr JH de V Botha	24 February 2004	
Mrs N Makiwane	27 July 2006	
Ms T Chiliza	27 July 2006	
Mrs N Sihlwayi	27 July 2006	
Ms G Mthethwa	27 July 2006	
Mr L Mashaba	27 March 2007	

Company Secretary	Date Appointed	Date Resigned
Mr A Jager	13 March 2002	30 September 2008
Mr H Potgieter	01 October 2008	

Business address:
2nd Floor, Liberty Gardens
10 South Boulevard
BRUMA 2198

Postal address:
P O Box 645
BRUMA 2026

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2009

	NOTES	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
ASSETS					
Cash and cash equivalents	3	68,091,864	104,564,791	68,091,864	104,564,791
Other receivables		3,383,623	2,142,637	3,383,623	2,142,637
Prepayments		90,399	-	90,399	-
Taxation receivable		646,992	503,028	646,992	503,028
Available for sale financial assets	4	7,363,943	7,632,677	7,363,943	7,632,677
Loans and receivables	5	190,773,007	147,720,307	190,773,007	147,720,307
Investments in associates	6	2,427,598	3,473,006	250,951	250,951
Property, plant and equipment	7	225,106	268,195	225,106	268,195
Intangible assets	7	13,165	21,398	13,165	21,398
Held to maturity financial assets	8	-	-	-	-
Deferred tax asset	15.3	7,044,071	6,058,874	7,044,071	6,058,874
TOTAL ASSETS		**280,059,768**	**272,384,913**	**277,883,121**	**269,162,857**
EQUITY					
Capital and reserves attributable to equity holders		158,929,650	150,625,124	156,753,003	147,403,067
Grant capital	2	154,762,590	154,762,590	154,762,590	154,762,590
Retained Income / (Accumulated deficit)		(1,067,284)	(9,497,568)	(3,243,931)	(12,719,625)
Other reserves		5,234,344	5,360,102	5,234,344	5,360,102
TOTAL EQUITY		158,929,650	150,625,124	156,753,003	147,403,067
LIABILITIES					
Non Current Liabilities					
Long term liabilities	10	119,626,758	118,945,907	119,626,758	118,945,907
Current Liabilities					
Trade and other payables	9	1,503,360	2,813,882	1,503,360	2,813,883
TOTAL LIABILITIES		121,130,118	121,759,789	121,130,118	121,759,790
TOTAL EQUITY AND LIABILITIES		**280,059,768**	**272,384,913**	**277,883,121**	**269,162,857**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2009

	NOTES	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
REVENUE	11	40,670,777	30,521,285	40,670,777	30,521,285
Finance costs	12	(8,784,211)	(6,138,875)	(8,784,211)	(6,138,875)
Net impairment of advances	14	(8,820,514)	(10,000,696)	(8,820,514)	(10,000,696)
INTEREST MARGIN NET OF IMPAIRMENTS		23,066,052	14,381,714	23,066,052	14,381,714
Non Interest (Expense) / Income	14	(4,280,345)	3,364,924	(1,538,450)	2,823,820
SURPLUS FROM OPERATIONS		18,785,707	17,746,638	21,527,602	17,205,534
Operating expenses		(9,693,473)	(9,632,563)	(9,693,473)	(9,632,563)
Depreciation and amortisation	14	(139,307)	(267,876)	(139,307)	(267,876)
Employee costs	14	(4,106,207)	(4,865,253)	(4,106,207)	(4,865,253)
General administration		(5,447,959)	(4,499,434)	(5,447,959)	(4,499,434)
NET SURPLUS FROM OPERATIONS		9,092,234	8,114,076	11,834,129	7,572,972
Share of earnings / (loss) from associate companies	6	1,696,487	(109,404)	-	-
NET SURPLUS BEFORE TAXATION		10,788,721	8,004,672	11,834,129	7,572,972
Taxation	15	(2,358,435)	(2,137,436)	(2,358,435)	(2,137,436)
NET SURPLUS AFTER TAXATION		8,430,286	5,867,236	9,475,694	5,435,536
OTHER COMPREHENSIVE INCOME					
Available for sale investments		(125,758)	1,609,089	(125,758)	1,609,089
Revaluation of available for sale assets	4	(268,734)	1,845,527	(268,734)	1,845,527
Deferred tax on revaluation of assets	15	142,976	(236,438)	142,976	(236,438)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,304,528	7,476,325	9,349,936	7,044,625

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2009

	Group			
	Grant capital R	Accumulated deficit R	Other reserves R	Total R
Balance at 31 March 2007	154,762,590	(15,364,804)	3,751,013	143,148,799
Total comprehensive income for the year	-	5,867,234	1,609,089	7,476,323
Surplus for the year	-	5,867,234	-	5,867,234
Other comprehensive income	-	-	1,609,089	1,609,089
Balance at 31 March 2008	154,762,590	(9,497,570)	5,360,102	150,625,122
Total comprehensive income for the year	-	8,430,286	(125,758)	8,304,528
Surplus for the year	-	8,430,286	-	8,430,286
Other comprehensive income	-	-	(125,758)	(125,758)
Balance at 31 March 2009	154,762,590	(1,067,284)	5,234,344	158,929,650

	Company			
	Grant capital R	Accumulated deficit R	Other reserves R	Total R
Balance at 31 March 2007	154,762,590	(18,155,161)	3,751,013	140,358,442
Total comprehensive income for the year	-	5,435,536	1,609,089	7,044,625
Surplus for the year	-	5,435,536	-	5,435,536
Other comprehensive income	-	-	1,609,089	1,609,089
Balance at 31 March 2008	154,762,590	(12,719,625)	5,360,102	147,403,067
Total comprehensive income for the year	-	9,475,694	(125,758)	9,349,936
Surplus for the year	-	9,475,694	-	9,475,694
Other comprehensive income	-	-	(125,758)	(125,758)
Balance at 31 March 2009	154,762,590	(3,243,931)	5,234,344	156,753,003

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2009

	NOTES	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
CASH FLOWS FROM OPERATING ACTIVITIES		(28,390,553)	(36,916,778)	(28,390,553)	(36,916,778)
Cash utilised in operations		(35,187,617)	(46,274,510)	(35,187,617)	(46,274,510)
Loan interest received		30,497,624	21,040,098	30,497,624	21,040,098
Cash paid to employees and suppliers		(13,812,027)	(7,308,417)	(13,812,027)	(7,308,417)
Net loan and receivables disbursed		(51,873,214)	(60,006,191)	(51,873,214)	(60,006,191)
Investment interest received		9,189,038	9,357,732	9,189,038	9,357,732
Dividends received		912,148	-	912,148	-
Taxation paid	17	(3,304,122)	-	(3,304,122)	-
CASH FLOWS FROM INVESTING ACTIVITIES		(86,003)	2,843,729	(86,003)	2,843,729
Acquisition of property, plant and equipment	7	(97,408)	(102,762)	(97,408)	(102,762)
Acquisition of intangible assets		-	(20,110)	-	(20,110)
Proceeds on disposal of property, plant and equipment		11,405	3,421	11,405	3,421
Proceeds on disposal of available for sale / associate investments		-	2,963,180	-	2,963,180
CASH FLOWS FROM FINANCING ACTIVITIES		(7,996,371)	110,806,359	(7,996,371)	110,806,359
Proceeds from borrowings		-	114,528,800	-	114,528,800
Interest paid		(7,996,371)	(3,722,441)	(7,996,371)	(3,722,441)
Net (decrease) / increase in cash and cash equivalents		(36,472,927)	76,733,310	(36,472,927)	76,733,310
Cash and cash equivalents at beginning of period		104,564,791	27,831,481	104,564,791	27,831,481
Cash and cash equivalents at end of period	8	68,091,864	104,564,791	68,091,864	104,564,791

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1.1. Basis of preparation

The financial statements have been prepared in accordance with South African Statements of General Accepted Accounting Practice and Statements of Generally Recognised Accounting Practice, the going concern principle, and using the historical cost basis, except where otherwise indicated.

The accounting policies adopted and applied in the company annual financial statements are consistent, in all material respects, with those of the previous financial year.

The company has complied with South African Statements of Generally Accepted Accounting Practice and Statements of Generally Recognised Accounting Practice.

The financial statements have been prepared in South African Rands.

1.2. Use of estimates, judgments and assumptions made in the preparation of the financial statements

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgment are inherent in the formation of estimates. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below.

Impairment of loans and receivables

Management have estimated future cash flows and discounted these cash flows at the effective interest rate of the related loans and receivables. Shortfalls between these discounted cash flows and the gross carrying values have been raised as impairments. Objective evidence utilised in assessing future cash flows arise from the scrutiny of the clients underlying debtors book's, collection experience, vintage analysis and management accounts. Further details on the impairment provision are contained in note 5.

Available for sale financial assets

The value of available for sale financial assets has been determined by reference to similar transactions in similar instruments. This was necessary as these financial assets are unlisted and consequently do not have a readily observable market price. Further details are disclosed in note 4.

Deferred tax asset

Management have recognised deferred income tax assets for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. Further details are disclosed in note 15.

Other judgments made relate to classifying financial assets and liabilities into categories.

1.3. Financial Instruments

General

Financial instruments are contracts that give rise to both a financial asset to one entity and a financial liability or equity instrument to another. Financial instruments carried on the statement of financial position include cash and cash equivalents, loans and receivables, available for sale investments, held to maturity investments and trade and other payables. Financial instruments are recognised at fair value on the statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are derecognised when, and only when, the group loses control of the contractual rights that comprise the financial asset through realisation, expiration or surrender. Financial liabilities are derecognised when, and only when, the liability is extinguished, either through settlement, cancellation or expiration. Gains or losses on derecognition are recognised as part of net profit at the date of derecognition.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and in banks. Cash and cash equivalents are initially and subsequent to initial recognition measured at its fair value.

Other receivables

Other receivables are classified as originated by the company. These are initially measured at the fair value required to originate the receivable, including any transaction costs. Other receivables are subsequent to initial recognition measured at amortised cost.

Financial liabilities

Significant financial liabilities include trade and other payables. These are initially measured at the fair value required to originate the payables, including any transaction costs. Subsequent to initial recognition these are measured at amortised cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money directly to a debtor with no intention to trade the receivable.

Loans and receivables are measured at fair value upon initial recognition and subsequently at amortised cost using the effective interest method, less any impairment losses.

Held to maturity assets

Held to maturity investments are non-derivative instruments with a fixed maturity date and where the company has a firm intention and the ability to hold investments to such date. These investments are held at amortised cost and reviewed for impairment where appropriate.

Available for sale investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Investments which have no fixed date of maturity and investments where less than 20% of the investee is held are classified as available for sale. These instruments are held for indefinite periods and may be sold in response to changes in economic conditions.

After initial recognition, investments, which are classified as available-for-sale, are measured at fair value. Gains or losses on available-for-sale investments are recognised in other comprehensive income and accumulated in equity under other reserves.

For investments where there is no quoted market price, fair value is determined by applying recognised valuation techniques. Standard methods applied include reference to the discounted expected cash flows of the underlying net asset base of the investment and recent transactional price data of trades within the instrument.

1.4. Impairment

General

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount.

Impairment of loans and receivables and held to maturity assets

Loans and receivables are stated net of specific impairments. An impairment of loans and receivables is made if there is objective evidence that the company will be unable to collect all amounts due on a claim according to the original contractual terms. Loans and receivables are subjected to regular evaluations that take cognizance of, inter alia, past experience, the customer's overall risk profile and payment record and the realizable value of any collateral.

Impairment is measured and allowances for credit losses are established for the difference between the carrying amount and advances and its estimated recoverable amount. The estimated recoverable amount is the present value of expected future cash flows excluding those which may result from restructuring, liquidation or collateral held.

All impaired loans and receivables are reviewed on a regular basis and any changes to the amount and timing of the expected future cash flows compared with previous estimates can result in a change to the charge for impairment of loans and receivables in the statement of financial performance.

The carrying value of impaired financial assets is reduced directly only when a write off takes place. In all other circumstances an allowance account is used for movement of carrying value. No amounts are ever written off directly against the allowance account.

Impairment of other financial assets carried at amortised cost

The company calculates the impairment loss for assets carried at amortised cost as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. Impairment loss is recognised in the statement of comprehensive income.

Impairment of other assets

The carrying amount of the company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

Associates

After the application of the equity method, a determination of whether an additional impairment loss is required through the use of any objective evidence. If this is the case, impairment is calculated as the difference between the fair value of the associate and the carrying amount is recognised in the of comprehensive income.

Impairment reversal

A previously recognized impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized in prior years.

1.5. Consolidation

Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally in conjunction with the shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls the other entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and deconsolidated from the date that control ceases.

At an entity level, investments in subsidiaries are held at cost less any accumulated impairment.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given and liabilities incurred at the date of exchange plus any attributable costs. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of identifiable net assets is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly to the statement of comprehensive income.

Intercompany transactions, balances and income and expenses are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Investment in associates

Associates are entities in which the company has a long term investment and over which the group has the power to exercise significant influence over the financial and operating policies. Associates are neither a subsidiary nor a joint ventures. Significant influence is normally evidenced by ownership of 20% or more of the company's voting rights. The financial statements of the associate are used by the company to apply the equity method. If the most recent available financial statements are for an accounting period which ended more than three months prior to company's year-end, then the most recently available management accounting results have been brought into account.

The investments in associates are carried in the statement of financial position at cost plus post acquisition changes in the company's share of net assets of the associates, less any impairment value. The statement of comprehensive income reflects the share of the results of operations of the associates.

Where the company's share of losses of an associate exceeds the carrying amount of the associate, the associate is carried at nil. Additional losses are only recognised to the extent that the company has incurred obligations or made payments on behalf of the associate.

Company

The investments in associates in the separate financial statements of the company are carried at cost less any associated impairment.

1.6. Goodwill and negative goodwill

Goodwill is an excess of the cost of an acquisition over the entity's interest in the fair value of the net identifiable assets and liabilities acquired.

Goodwill is carried at cost, less accumulated amortisation and accumulated impairment losses. In accordance with IFRS3, the amortisation of goodwill ceased with effect from 1 April 2004. Previously goodwill was amortised using the straight line method over the estimated useful life. The carrying amount of goodwill is reviewed annually for indications of impairment or changes in estimated future benefits. A write down is made if the carrying amount exceeds the recoverable amount.

Negative goodwill arising on an acquisition represents any excess of the fair value of the group's share of the net identifiable assets acquired over the cost of the acquisition. To the extent that negative goodwill relates to an expectation of future losses and expenses that is identified in the plan of acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, it is recognised in the statement of comprehensive income when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the statement of comprehensive income over the weighted average useful life of those assets. The balance of negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the statement of comprehensive income.

1.7. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on historical cost using the straight-line basis over the expected economic life, using the following annual depreciation rates:

Computer hardware	33.33%
Furniture and fittings	16.67%
Leasehold improvements	33.33%
Motor vehicles	20.00%

The residual values and useful lives of the assets are reassessed annually for any changes. The impact thereof is recognised in the statement of financial performance.

The carrying values of plant and equipment are reviewed for impairment either annually, or when events or changes in circumstances indicate the carrying value may not be recoverable (whichever is earlier). If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets are written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Impairment losses are recognised in the statement of comprehensive income.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

1.8. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against the surplus in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life reflect the expected pattern of consumption of future economic benefits embodied in the asset and are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets. The current rate of amortisation for the intangible asset of computer software is 33% per annum.

Intangible assets with indefinite useful lives are tested for impairment annually, individually or in the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continue to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

1.9. Provisions

Provisions are recognised when the Company has a present obligation, either legal or constructive, as a result of a past event, for which 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in provision due to the passage of time is recognised as a finance cost.

1.10. Revenue recognition

Revenue comprises interest received on advances and investment income. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The following specific criteria must also be made before revenue is recognised:

- Interest is recognised on the time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity. In terms of AC133, interest is also accrued in respect of impaired advances, based on the original effective interest rate used to determine the recoverable amount.

- Dividends are recognised when the right to receive payment is established.

The company's turnover relates mainly to its lending and investing activities, and comprises interest from funds invested.

1.11. Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Gains and losses arising on translation are credited to or charged against income. The functional currency and presentation currency of the company is the Rand (R).

1.12. Leases

The company classifies leases of assets where the lessor effectively retains the risks and rewards associated with ownership as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term. Nomimal rentals due after year end are reflected under commitments.

1.13. Tax

Current taxation

The charge for current tax is based on the results as adjusted for items which are not taxable or disallowed. It is calculated using tax rates that have been enacted at the statement of financial position date.

Deferred taxation

Deferred income tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Income tax relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

1.14. Irregular, fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

No instances of fruitless and wasteful expenditure have occurred.

1.15. Retirement benefits

Contributions to the defined contribution fund are charged as an expense in the period in which they are incurred.

1.16. Related party transactions

All related party transactions are at arm's length and in the ordinary course of business.

1.17. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are not directly attributed to the acquisition, construction or production of qualifying assets, and are therefore not capitalised to the cost of these assets.

1.18. New Accounting Standards

The following standards have been issued but are not yet effective and will be applicable to the company:

GRAP4 - The effects of changes in foreign exchange rates
GRAP5 - Borrowing costs
GRAP6 - Consolidated and separate financial statements
GRAP7 - Investment in Associate
GRAP13 - Leases
GRAP14 - Events after the reporting date
GRAP17 - Property, plant and equipment
GRAP19 - Provisions, contingent liabilities and contingent assets
GRAP24 - Presentation of budget information in financial statements
GRAP102 - Intangible Assets

These accounting standards will have no financial impact on future financial statements but will require additional disclosures.

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
2. GRANT CAPITAL	154,762,590	154,762,590	154,762,590	154,762,590

The agreement with the Kreditanstalt für Wiederaufbau (KfW) provides for the company to use the financial contributions exclusively for purposes qualifying in terms of the agreement. Further disclosures on the management of capital are included in note 23.

3. CASH AND CASH EQUIVALENTS

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Cash on hand	461	890	461	890
Investec Bank - South Africa	47,378,986	85,310,387	47,378,986	85,310,387
Standard Bank - Jersey	15,154,050	16,891,612	15,154,050	16,891,612
Standard Bank - South Africa	5,558,367	2,361,902	5,558,367	2,361,902
	68,091,864	104,564,791	68,091,864	104,564,791

Foreign balances were translated at a rate of R12.64/€ (2008: R12.87/€). An amount of R 93 300 is ceded as security for a guarantee issued for the same amount as required by the terms of the office lease.

4. AVAILABLE FOR SALE FINANCIAL ASSETS

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Unlisted investments				
Carrying amount	7,363,943	7,632,677	7,363,943	7,632,677

2009

Name	Class of Investment	Number of shares	Effective Holding	Carrying Amount	Directors' Valuation	Carrying Amount	Directors' Valuation
Bayport Financial Services (Pty) Ltd	Ordinary	1500	8.97%	5,882,353	5,882,353	5,882,353	5,882,353
Mafori Finance (Pty) Ltd	Ordinary	16	3.33%	-	-	-	-
Izwe Loans (Pty) Ltd	Ordinary	500	5.00%	1,481,590	1,481,590	1,481,590	1,481,590
				7,363,943	7,363,943	7,363,943	7,363,943

The fair value for the available for sale investments was determined by reference to transactions and sale prices in these instruments and other valuation techniques.

2008

Name	Class of Investment	Number of shares	Effective Holding	Carrying Amount	Directors' Valuation	Carrying Amount	Directors' Valuation
Bayport Financial Services (Pty) Ltd	Ordinary	1500	8.97%	5,882,353	5,882,353	5,882,353	5,882,353
Mafori Finance (Pty) Ltd	Ordinary	16	5.41%	268,734	268,734	268,734	268,734
Izwe Loans (Pty) Ltd	Ordinary	500	5.00%	1,481,590	1,481,590	1,481,590	1,481,590
				7,632,677	7,632,677	7,632,677	7,632,677

5. LOANS AND RECEIVABLES

5.1 Gross loans and receivables

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Opening balance	176,037,802	117,165,119	176,037,802	117,165,119
Disbursements	85,792,298	106,310,000	85,792,298	106,310,000
Interest accrued	30,497,624	21,040,098	30,497,624	21,040,098
Receipts	(64,416,708)	(67,343,907)	(64,416,708)	(67,343,907)
Equity conversion	-	(1,000,000)	-	(1,000,000)
Amounts written off	-	(133,508)	-	(133,508)
Closing balance	227,911,016	176,037,802	227,911,016	176,037,802
Less: Impairment provision				
Opening balance	28,317,495	18,450,307	28,317,495	18,450,307
Impairments raised	8,820,514	10,000,696	8,820,514	10,000,696
Impairments reversed	-	(133,508)	-	(133,508)
Closing balance	37,138,009	28,317,495	37,138,009	28,317,495
Net loans and receivables	190,773,007	147,720,307	190,773,007	147,720,307

5.2 Statement of comprehensive income charges

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Loans and receivables				
Amounts written off	-	133,508	-	133,508
Impairments raised	8,820,514	10,000,696	8,820,514	10,000,696
Impairments reversed	-	(133,508)	-	(133,508)
	8,820,514	10,000,696	8,820,514	10,000,696

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5.3 Maturity analysis of loan and receivables

	Group and Company			
	2009 R			
	Within 1 year	1 - 2 years	Beyond 2 years	Total
Repayment profile	62,281,056	99,648,907	65,462,121	227,911,016
	2008 R			
	Within 1 year	1 - 2 years	Beyond 2 years	Total
Repayment profile	30,585,199	51,788,641	93,663,962	176,037,802

5.4 Terms and conditions of loans and receivables

Loan receivables are made to clients to fund end-user loans. The repayment term of loan advances are linked to the repayment term of the underlying end user loans. Interest rates are determined by the BESA yield curve for the same maturity plus a risk margin.

5.5 Key assumptions

Key assumptions to the valuation of the loans and receivables portfolio relate to the impairment provision. Management have estimated future cashflows and discounted these cashflows at the effective interest rate of the related loans and receivables. Any shortfall between these discounted cash flows and the gross carrying value have been raised as impairments. Objective evidence utilised in assessing future cash flows arise from the scrutiny of the clients underlying loan receivable books, collection experience, vintage analysis and management accounts.

5.6 Collateral

Loans receivable are secured by the underlying loans receivable books of the company's clients. The end user loans that make up these loans receivable books are unsecured.

5.7 Subordinated loans

Included within the loans receivable balance are subordinated loans in favour of other creditors at clients amounting to R56,242 million (2008: R31,388 million). These loans carry higher credit risk due to their backranking to other creditors. The pricing of these loans reflects these additional risks.

5.8 Concentration risk

The loans receivables portfolio is subject to client concentration risk which is mitigated by exposure limits as described in more detail in note 18. The loans and receivables portfolio is further subjected to industry concentration risk arising through exposure to the housing microfinance sector. This risk is not mitigated but is accepted in terms of the company's mandate from its members.

5.9 Cession to the Development Bank of Southern Africa

Allows the Development Bank of Southern Africa to access the cession of the total loans and receivables. Refer to note 10.

6. INVESTMENT IN ASSOCIATES

6.1 Carrying amount of associates

	Group			
	Lendcor (PTY) Ltd R	Norufin Housing (PTY) Ltd R	Indlu Finance (PTY) Ltd R	Total R
2009				
Carrying amount analysis				
Carrying amount at the beginning of the year	2,005,487	1,467,519	-	3,473,006
Share of earnings from associated companies	422,111	1,274,376	-	1,696,487
Impairment of investment	-	(771,895)	-	(771,895)
Derecognition of Investment	-	(1,970,000)	-	(1,970,000)
Carrying amount at the end of the year	2,427,598	-	-	2,427,598
Summarised balance sheet as at 31 March 2009				
Current assets	9,200,648	-	261,411	9,462,059
Non-current assets	294,444	-	4,330,041	4,624,485
Current liabilities	(783,872)	-	(51,233)	(835,105)
Non-current liabilities	(6,822,677)	-	(3,580,521)	(10,403,199)
Net asset value	1,888,543	-	959,698	2,848,241
Share of aggregate post acquisition reserves of associates for 2009	2,176,647	-	401,968	2,578,615
2008				
Carrying amount analysis				
Carrying amount at the beginning of the year	1,476,927	2,434,748	-	3,911,675
Share of earnings from associated companies	528,560	(967,229)	329,265	(109,404)
Impairment of investment	-	-	(329,265)	(329,265)
Carrying amount at the end of the year	2,005,487	1,467,519	-	3,473,006
Summarised balance sheet as at 31 March 2008				
Current assets	7,527,031	10,082,709	868,763	18,478,503
Non-current assets	386,460	1,048,485	2,988,742	4,423,687
Current liabilities	(494,047)	(5,930,480)	(11,620)	(6,436,147)
Non-current liabilities	(5,953,012)	(5,354,390)	(3,060,277)	(14,367,679)
Net asset value	1,466,432	(153,676)	785,608	2,098,364
Share of aggregate post acquisition reserves / (deficits) of associates for 2008	1,754,536	(502,481)	496,094	1,748,149

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	Group			
	Lendcor (Pty) Ltd R	Norufin Housing (Pty) Ltd R	Indlu Finance (Pty) Ltd R	Total R
6.2 Related party disclosures with associates				
2009				
Interest bearing loans and receivables	29,478,865	-	17,143,320	46,622,185
Provision for doubtful debts	-	-	(12,147,612)	(12,147,612)
Disbursements to associate	5,000,000	-	7,950,000	12,950,000
Receipts from associate	5,122,908	-	6,333,823	11,456,731
2008				
Interest bearing loans and receivables	25,296,124	22,414,300	14,125,046	61,835,470
Provision for doubtful debts	-	(9,045,461)	(9,464,302)	(18,509,763)
Disbursements to associate	-	17,200,000	4,850,000	22,050,000
Receipts from associate	3,227,431	17,709,853	5,474,072	26,411,356

The interest bearing loans and receivables arose from loan facilities granted to these clients. The advances are secured by cession of the clients underlying loan receivable books. Settlement of these advances arises in the form of cash receipts.

6.3 List of significant unlisted associates				
2009				
Group				
Effective holding	20%	0%	15%	
Number of shares held	501	1,970,000	300,000	
Carrying amount	2,005,598	1,467,519	-	3,473,006
Directors' valuation	2,005,487	1,467,519	-	3,473,006
Company				
Cost	250,951	1,970,000	300,000	2,520,951
Less: Impairment	-	(1,970,000)	(300,000)	(2,270,000)
Carrying amount	250,951	-	-	250,951
Directors' valuation	250,951	-	-	250,951

	Group			
	Lendcor (Pty) Ltd R	Norufin Housing (Pty) Ltd R	Indlu Finance (Pty) Ltd R	Total R
2008				
Group				
Effective holding	20%	49%	15%	
Number of shares held	501	1,970,000	300,000	
Carrying amount	2,005,487	1,467,519	-	3,473,006
Directors' valuation	2,005,487	1,467,519	-	3,473,006
Company				
Cost	250,951	1,970,000	300,000	2,520,951
Less: Impairment	-	(1,970,000)	(300,000)	(2,270,000)
Carrying amount	250,951	-	-	250,951
Directors' valuation	250,951	-	-	250,951

The nature of the business of all associates is to provide finance to the low income market in respect of low cost housing. Indlu Finance (Pty) Ltd has an August year-end. Lendcor (Pty) Ltd changed its year end from February to December during the current financial year. The results of the companies were accounted for until their respective year-ends except for Indlu Finance (Pty) Ltd where management accounts were utilised for 6 months to report their current position.

The ordinary shares held in Norufin Housing (Pty) Ltd were converted to preference shares effective 20 January 2009. Refer to note 8.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

7.1 Property, plant and equipment

	Group			
	Cost	Accumulated Depreciation	2009 Carrying Value	2008 Carrying Value
	R	R	R	R
Computer hardware	212,445	138,935	73,510	86,595
Leasehold Improvements	59,703	15,921	43,782	-
Office equipment	120,218	55,352	64,866	76,791
Furniture and fittings	529,242	505,724	23,518	52,070
Motor vehicles	166,545	147,115	19,430	52,739
	1,088,153	863,047	225,106	268,195

MOVEMENT

	Computer Hardware	Leasehold Improvements	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
31 March 2009	R	R	R	R	R	R
Opening balance	86,595	-	76,791	52,070	52,739	268,195
Additions	30,705	59,703	7,000	-	-	97,408
Disposals	(9,423)	-	-	-	-	(9,423)
Depreciation	(34,367)	(15,921)	(18,925)	(28,552)	(33,309)	(131,074)
	73,510	43,782	64,866	23,518	19,430	225,106
31 March 2008	R	R	R	R	R	R
Opening balance	55,893	-	77,905	132,687	86,048	352,533
Additions	87,543	-	15,219	-	-	102,762
Depreciation	(56,841)	-	(16,333)	(80,617)	(33,309)	(187,100)
	86,595	-	76,791	52,070	52,739	268,195

7.2 Intangible assets

	Group			
	Cost	Accumulated Amortisation	2009 Carrying Value	2008 Carrying Value
	R	R	R	R
Computer software	324,365	311,200	13,165	21,398
	324,365	311,200	13,165	21,398

MOVEMENT

	Computer Software	Total
31 March 2009	R	R
Opening balance	21,398	21,398
Additions	-	-
Amortisation	(8,233)	(8,233)
	13,165	13,165
31 March 2008	R	R
Opening balance	82,065	82,065
Additions	20,110	20,110
Amortisation	(80,777)	(80,777)
	21,398	21,398

7.3 property, plant and equipment

	Company			
	Cost	Accumulated Depreciation	2009 Carrying Value	2008 Carrying Value
	R	R	R	R
Computer hardware	212,445	138,935	73,510	86,595
Leasehold Improvements	59,703	15,921	43,782	-
Office equipment	120,218	55,352	64,866	76,791
Furniture and fittings	529,242	505,724	23,518	52,070
Motor vehicles	166,545	147,115	19,430	52,739
	1,088,153	863,047	225,106	268,195

MOVEMENT

	Computer Hardware	Leasehold Improvements	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
31 March 2009	R	R	R	R	R	R
Opening balance	86,595	-	76,791	52,070	52,739	268,195
Additions	30,705	59,703	7,000	-	-	97,408
Disposals	(9,423)	-	-	-	-	(9,423)
Depreciation	(34,367)	(15,921)	(18,925)	(28,552)	(33,309)	(131,074)
	73,510	43,782	64,866	23,518	19,430	225,106
31 March 2008	R	R	R	R	R	R
Opening balance	55,893	-	77,905	132,687	86,048	352,533
Additions	87,543	-	15,219	-	-	102,762
Depreciation	(56,841)	-	(16,333)	(80,617)	(33,309)	(187,100)
	86,595	-	76,791	52,070	52,739	268,195

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

7.4 intangible assets

	Company			
	Cost	Accumulated Amortisation	2009 Carrying Value	2008 Carrying Value
	R	R	R	R
Computer software	324,365	311,200	13,165	21,398
	324,365	311,200	13,165	21,398

MOVEMENT

	Computer Software	Total
31 March 2009	R	R
Opening balance	21,398	21,398
Additions	-	-
Amortisation	(8,233)	(8,233)
	13,165	13,165
31 March 2008	R	R
Opening balance	82,065	82,065
Additions	20,110	20,110
Amortisation	(80,777)	(80,777)
	21,398	21,398

8. HELD TO MATURITY FINANCIAL ASSETS

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Preference shares				
Opening balance	2,880,000	2,880,000	2,880,000	2,880,000
Recognition of preference shares	1,970,000	-	1,970,000	-
Closing balance	4,850,000	2,880,000	4,850,000	2,880,000
Gross held to maturity assets	4,850,000	2,880,000	4,850,000	2,880,000
Less: Impairment provision				
Opening balance	2,880,000	2,880,000	2,880,000	2,880,000
Impairments raised	1,970,000		1,970,000	
Closing balance	4,850,000	2,880,000	4,850,000	2,880,000
Net held to maturity financial assets	-	-	-	-

8.1 Terms and conditions of preference shares

Preference share advances are made in instruments that are cumulative, convertible and redeemable. The dividend is linked to 75% of the prevailing prime rate from time to time and redemption commences after three years at a premium of 20%. The preference shares include an option exercisable by the holder to convert to ordinary shares in the event of a default by the issuer. Redemption commences in March 2010.

Estimated timing of future cash receipts

Payment date	R Estimated Cashflow
Sep-09	209,625
Mar-10	1,499,625
Sep-10	209,625
Mar-11	1,499,625
Sep-11	209,625
Mar-12	1,499,625
Sep-12	209,625
Mar-13	1,499,625
Sep-13	209,625
Mar-14	1,499,625

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
9. TRADE AND OTHER PAYABLES				
Other Payables	611,515	1,692,683	611,515	1,692,683
Leave accrual	176,698	247,156	176,698	247,156
Bonus accrual	715,147	874,044	715,147	874,044
	1,503,360	2,813,883	1,503,360	2,813,883
Leave accrual				
Opening balance	247,156	179,476	247,156	179,476
Leave raised	372,117	463,398	372,117	463,398
Leave utilised	(259,702)	(367,818)	(259,702)	(367,818)
Leave paid out	(182,873)	(27,900)	(182,873)	(27,900)
Closing balance	176,698	247,156	176,698	247,156
Bonus accrual				
Opening balance	874,044	673,928	874,044	673,928
Bonus raised	832,306	962,047	832,306	962,047
Bonus paid out	(991,203)	(761,931)	(991,203)	(761,931)
Closing balance	715,147	874,044	715,147	874,044

Other payables include employee benefit accruals, audit fee accruals and sundry suppliers. These liabilities are normally settled within 30 days.

10. LONG TERM LIABILITIES

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Development Bank of Southern Africa	119,626,758	118,945,907	119,626,758	118,945,907
	119,626,758	118,945,907	119,626,758	118,945,907
Contractual maturity analysis				
Current				
Within 1 year	3,002,656	2,321,805	3,002,656	2,321,805
Non current				
1-5 years	2,095,302	2,095,302	2,095,302	2,095,302
Over 5 years	114,528,800	114,528,800	114,528,800	114,528,800
	116,624,102	116,624,102	116,624,102	116,624,102
Total borrowings	119,626,758	118,945,907	119,626,758	118,945,907

This loan arose as a result of a back to back loan agreement of €12,535m between the Development Bank of Southern Africa (DBSA) and Kreditanstalt für Wiederaufbau (KfW). These funds were in turn the source of a Rand equivalent loan between the DBSA and RHLF. An estimated R19 million undrawn borrowings remain available in terms of this facility. The loan bears interest at a fixed rate of 7.44% and interest is repayable half yearly on 15 June and 15 December respectively. Capital is repayable in 41 equal half yearly instalments commencing on 15 December 2014 (Refer to note 5.9). The loan agreement additionally allows DBSA to obtain security in the form of a cession of RHLF's loan receivables book and also provides for the recovery of guarantee and commitment costs. An amount of R2.1m has been provided for these costs in the outstanding balance.

See note 20 in respect of amounts paid to DBSA as a related party.

11. REVENUE

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Interest on advances	30,497,624	21,040,098	30,497,624	21,040,098
Investment interest	10,173,153	9,481,187	10,173,153	9,481,187
	40,670,777	30,521,285	40,670,777	30,521,285

12. FINANCE COSTS

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Interest paid on borrowings	8,784,211	6,138,875	8,784,211	6,138,875

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

13. DIRECTORS' EMOLUMENTS

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Directors' Emoluments				
Fees for services as directors	308,000	288,000	308,000	288,000
For other services	1,561,481	1,143,793	1,561,481	1,143,793
	1,869,481	1,431,793	1,869,481	1,431,793
Basic Salary	1,358,288	839,008	1,358,288	839,008
Expense allowances	91,000	137,934	91,000	137,934
Medical aid contributions	23,983	33,912	23,983	33,912
Provident fund contributions	88,210	132,939	88,210	132,939
	1,561,481	1,143,793	1,561,481	1,143,793

During the current financial year the position of managing director was held by the following persons:

Mr. W van Emmenis	1 April 2008 to 31 July 2008
Mr. A Jager	1 August 2008 to 31 December 2008
Mr. J.J. Fakazi	5 January 2009 to 31 March 2009

The executive director does not have a fixed term contract.

14. NET SURPLUS / (DEFICIT) FROM OPERATIONS

Net surplus from operations includes amongst other:

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Non Interest Income / (Expense)				
Impairment of investments	(2,741,895)	(329,265)	-	(870,369)
(Loss) / gain on foreign exchange differences	(1,557,182)	827,590	(1,557,182)	827,590
Sundry fees received	16,750	-	16,750	-
Profit on disposal of investment	-	2,863,180	-	2,863,180
Profit on disposal of property, plant and quipment	1,982	3,419	1,982	3,419
	(4,280,345)	3,364,924	(1,538,450)	2,823,821

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Expenses				
Auditor's remuneration	432,274	536,682	432,274	536,682
- Current year	432,274	536,682	432,274	536,682
Fees for services				
- Consulting and advisory fees	376,013	222,615	376,013	222,615
Loans and receivables impairments	8,820,514	10,000,696	8,820,514	10,000,696
- Movement in impairment provision	8,820,514	9,867,188	8,820,514	9,867,188
- Amounts written off	-	133,509	-	133,509
Directors' fees	308,000	288,000	308,000	288,000
Depreciation and amortisation	139,307	267,876	139,307	267,876
Operating lease rentals - buildings	565,218	517,880	565,218	517,880
Staff Costs	4,106,207	4,865,253	4,106,207	4,865,253
The Company has 8 employees. (2008: 9 employees)				

15 TAXATION

15.1 Tax charge for the year

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Tax charge to the income statement				
South African Normal Taxation	3,200,656	(101,086)	3,200,656	(101,086)
- Current year	3,200,656	-	3,200,656	-
- Prior year	-	(101,086)	-	(101,086)
Deferred Taxation	(842,221)	2,238,522	(842,221)	2,238,522
- Current year	(842,221)	2,238,522	(842,221)	2,238,522
- Prior year	-	-	-	-
	2,358,435	2,137,436	2,358,435	2,137,436
Tax charge to equity				
Deferred Taxation				
- Current year	(142,976)	(236,438)	(142,976)	(236,438)

15.2 Tax rate reconciliation

No taxation was provided in the previous year as the company had an estimated tax loss of R4 950 355. The applicable current tax rate is 28% (2008: 28%).

	Group 2009	Group 2008	Company 2009	Company 2008
Effective tax rate	21.86%	26.70%	19.93%	28.22%
Permanent difference arising from non-deductible expenses	(7.15%)	(1.87%)	(0.04%)	(3.57%)
Permanent difference arising from non-taxable income	6.85%	5.85%	2.24%	6.19%
Permanent difference arising from prior periods	6.44%	1.26%	5.87%	1.33%
Effect on opening deferred taxes of reduction in tax rate	-	(3.95%)	-	(4.18%)
Statutory rate	28.0%	28.0%	28.0%	28.0%

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
15.3 Deferred tax asset				
The deferred tax balance consists of the following temporary difference:				
- Loans and receivables impairment	7,798,982	5,946,674	7,798,982	5,946,674
- Pre Payments	(25,312)	-	(25,312)	-
- Deferred capital gains	(729,599)	(872,575)	(729,599)	(872,575)
- Tax loss	-	984,775	-	984,775
	7,044,071	6,058,874	7,044,071	6,058,874

16 COMMITMENTS

16.1 Facilities

The Rural Housing Loan Fund has approved a total of R 39,5 million (2008: R580 million) in loan facilities as at 31 March 2009, of which R 28,89 million (2008: R 53 million) has not yet been drawn by clients.

16.2 Future minimum lease payments under non cancellable operating leases.

	March 2010	March 2011
Future lease commitments are:		
Offices	455,444	451,699

The lease for offices was renewed on 11 February 2008 with a commencement date of 01 March 2008 and expires on 28 February 2011. The lease escalates at 9% per annum.

17. TAXATION PAID

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Amount receivable at beginning of year	(503,028)	(401,942)	(503,028)	(401,942)
Interest accrued on amount receivable	(40,498)	-	(40,498)	-
Current tax charge per income statement	3,200,656	(101,086)	3,200,656	(101,086)
Amount receivable at end of year	646,992	503,028	646,992	503,028
Taxation paid	3,304,122	-	3,304,122	-

18. RISKS ARISING FROM FINANCIAL INSTRUMENTS

Credit risk

Financial assets, which potentially subject the company to concentrations of credit risk, consist principally of loans and receivables, short-term deposits and cash. The company's cash equivalents and short-term deposits are placed with high credit quality financial institutions rated as at least A1 or better in terms of short-term credit ratings by at least two recognised rating agencies. Loans and receivables are presented net of impairments. Credit risk with regard to loans and receivables is limited in terms of credit policy, which provides for prudent counter-party limits in respect of client exposures as a percentage of the total advances portfolio. The loans and receivables as at year-end reflect that the company has exposures within approved counter-party limits.

Further details on the exposure to credit risk are provided in Note 5.

18. RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The company's loans and receivables include loans with fixed rates of interest and loans which have an underlying reviewable margin above a fixed rate. The rates applicable to the loans with a reviewable margin are adjusted when such a review deems this necessary. The rates applicable to fixed interest rate loans are based on agreed market rates at the date of the disbursements and remain fixed for the full term of the loan.

The composition of the year end loans and receivables is as follows:	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Fixed rate advances	29,873,485	31,033,583	29,873,485	31,033,583
Semi fixed rate advances	198,037,530	145,004,218	198,037,530	145,004,218
Less: Impairments	(37,138,009)	(38,184,683)	(37,138,009)	(38,184,683)
Net advances per statement of financial position	190,773,006	137,853,119	190,773,007	137,853,119

Interest rate risk

The company is neither exposed to significant interest rate risk nor is it exposed to significant cash flow risk. This arises from the manner in which disbursements are priced to clients. The interest rate on each disbursement is fixed for the period of the loan but each disbursement is priced according to prevailing market interest rates thereby tracking the yield curve.

	Group			Company		
	Fixed Rate R	Floating Rate R	Total R	Fixed Rate R	Floating Rate R	Total R
2009						
Gross loans receivable	29,873,485	198,037,530	227,911,015	29,873,485	198,037,530	227,911,015
Notice deposits	-	55,640,440	55,640,440	-	55,640,440	55,640,440
Bank balances	-	12,451,424	12,451,424	-	12,451,424	12,451,424
2008						
Gross loans receivable	31,033,583	145,004,218	176,037,801	31,033,583	145,004,218	176,037,801
Notice deposits	-	71,240,693	71,240,693	-	71,240,693	71,240,693
Bank balances	-	33,324,098	33,324,098	-	33,324,098	33,324,098

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

Sensitivity Analysis

Average loans receivable for the year amounted to R205,5 million (2008: R145,1 million) yielding 14,84% (2008:14.50%). The disbursement / average book ratio was 42% (2008: 73%). A 1% change in the level of interest rates would have affected interest income by 7% or R2 054 977 (2008: R1 015 700).

Fair Values

At 31 March 2009, the carrying amounts of cash and cash equivalents, trade and other payables and accrued expenses approximated their fair values due to the short maturity of these asset and liabilities.

Liquidity Risk

Liquidity risk is the risk of failure to fund a cash shortfall as and when required, without incurring financial loss. It therefore encompasses both the risk of failing to obtain sufficient funds at favourable market rates, and the risk of failing to liquidate an asset in a timely manner, and without significant deviation from the prevailing market price. Liquidity risk at the company is managed within the framework of a conservative policy, which requires that the company at all times retain liquid assets equivalent to the sum of six months operating expenditure and six months disbursements. Integral to the company's asset-liability management, liquidity risk management is performed by the management. The liquidity is held primarily in the form of call deposits and notice deposits. In addition to ensuring that an adequate level of liquidity is maintained, the company further seeks to ensure a diverse range of funding sources.

Additional methodologies used to assess and monitor the company's liquidity requirements and risk levels include cash flow forecasts and cumulative maturity gap analyses. As at year end the company had outstanding commitments in respect of facilities granted of R28,8 million (2008: R53,3 million).

Market Risk

The company holds a small foreign exchange exposure amounting to €16 527 (2008: €270 000). A 5% move in the exchange rate would result in an exchange movement of R10 445 (2008: R174 000).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

19. RETIREMENT BENEFITS

The company contributes to a defined contribution fund on behalf of all employees. The amount contributed in the current year was R516 606(2008: R631 972).

20. RELATED PARTIES

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions. Related party relationships exist with associates listed in Note 6.2. Interest bearing loans have been extended to these entities and these loans are disclosed in the same note. Key management compensation and transactions with entities under common control are disclosed below.

	Group 2009	Group 2008	Company 2009	Company 2008
Key management personnel				
Short term benefits	1,488,393	2,637,349	1,488,393	2,637,349
Post employment benefits	147,504	339,429	147,504	339,429
	1,635,897	2,976,778	1,635,897	2,976,778

2009

Entities under common control	DBSA	SARS
Transaction amount	7,996,371	4,999,101
Outstanding balance	117,531,456	646,992

2008

Entities under common control	DBSA	SARS
Transaction amount	118,251,241	1,564,459
Outstanding balance	116,850,605	503,028

The relationship between the company and the disclosed entities under common control arises as a result of all the entities being owned by the South African government. The transactions with the DBSA are as a result of interest paid to this entity, the transactions with SARS relate to employee deductions and income tax. All transactions were at arms length.

21. MATERIALITY FRAMEWORK

The company has adopted a materiality framework which defines limits on levels of authorisation on significant transactions which require executive authority approval. The framework excludes disbursement transactions related to the business of the company as these transactions are in terms of the mandate approved by the executive authority.

22. PERFORMANCE AGAINST BUDGET

The summarised performance for the current year against budget, as required by GRAP 1, is presented below. This information is based on equity accounting for associates as presented within the company's approved corporate plans.

	2009		
	Actual	Budget	Variance
Finance Revenue	40,670,777	38,755,504	1,915,273
Interest margin net impairments	23,066,052	18,802,791	4,263,261
Surplus from operations	18,785,707	18,802,791	(17,084)
Expenditure	(9,693,473)	(12,026,540)	2,333,067
Net Surplus from operations	9,092,234	6,776,251	2,315,983
Net Surplus before taxation	10,788,721	6,776,251	4,012,470
Surplus for the year	8,430,286	4,811,138	3,619,148

	2008		
	Actual	Budget	Variance
Finance Revenue	30,521,285	27,886,413	2,634,872
Interest margin net impairments	14,381,714	13,835,913	545,801
Surplus from operations	17,746,638	13,835,913	3,910,725
Expenditure	(9,632,563)	(10,966,568)	1,334,005
Net Surplus from operations	8,114,076	2,869,345	5,244,731
Net Surplus before taxation	8,004,672	3,179,345	4,825,327
Surplus for the year	5,867,236	2,257,335	3,609,901

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FOR THE YEAR ENDED 31 MARCH 2009

23. MANAGEMENT OF CAPITAL

The company considers its grant capital, accumulated surpluses and deficits, other reserves, interest bearing debt and committed long term funding as capital. Its main objectives in managing capital are to allow for the organic growth of the company, to honour its debt obligations and to safeguard the sustainability of the company. This is achieved by ensuring the following requirements are met:

- Total equity investments may not exceed 10% of total capital
- No single equity exposure may exceed 2% of total capital
- Total pilot loans may not exceed 15% of total capital
- No single debt exposure may exceed 15% of total capital

The company is also subject to a liquidity requirement to hold liquid funds amounting to the maximum of 6 months of disbursements and 6 months of operating expenditure or 30% of total capital.

Total capital inclusive of committed capital at year end amounted to R280,1 million.

24. PROCUREMENT FRAMEWORK

The company operates within the Preferential Procurement Regulations of the Preferential Procurement Policy Framework of Act 5 of 2000. It follows the 80/20 principle for all procurement exceeding R30 000 and falling below R500 000 and the 90/10 principle for all procurement exceeding R500 000.

STAFF MEMBERS

Hennie Potgieter
Chief Financial Officer

Myriam Kheza
Office Manager

Porche Knauf
Junior Accountant

William Malatji
Client Executive

Makgalaborwa Maila
Risk Manager

Rhona Mokhele
Office Assistant

Tsaliko Ntoampe-Mahlelebe
Client Executive

ANNUAL REPORT 2009

Physical Address: 2nd Floor, Liberty Life, 10 South Boulevard, Bruma, 2198
Postal Address: PO Box 645, Bruma, 2026 Tel: 011 621 2500 Fax: 011 621 2520
Website: www.rhlf.co.za

human settlements
Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

RHLF
RURAL HOUSING LOAN FUND

AIDS HELPLINE
0800 5125 255