COMMISSIONER STREET NO. 11 (RF) LIMITED
(Registration Number 2012/114171/06)
Annual Financial Statements
for the year ended 31 December 2018
Audited

In terms of S29(1)(e)(ii) of the Companies Act 71 of 2008 as amended, we confirm that the following financial statements were prepared by Gary-John Afrikaner at Maitland Outsourced Securitisation Services Proprietary Limited, the Administrator.

The following financial statements have been audited in compliance with section 29(1)(e)(i) of the Companies Act 71 of 2008 as amended.

COMMISSIONER STREET NO. 11 (RF) LIMITED

Annual Financial Statements
For the year ended 31 December 2018

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Statement of Directors' Responsibility

The directors are responsible for the preparation, integrity and objectivity of the annual financial statements that fairly present the state of affairs of Commissioner Street No. 11 (RF) Limited ("the Company") at the end of the financial year and the net income and cash flows for the year, and other information contained in this report.

To enable the directors to meet these responsibilities:

- all directors and management will endeavour 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 board sets standards and management implements systems of internal control and accounting and information systems aimed at providing reasonable assurance that assets are safeguarded and the risk of error, fraud or loss is reduced in a cost effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;

- the board and management identify all key areas of risk across the Company and endeavour to minimise these risks by ensuring that appropriate infrastructure controls, systems and disciplines are applied and managed within predetermined procedures and constraints;

- the audit committee plays an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

The Company consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis. The annual financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, No 71 of 2008 (as amended), of South Africa, and comply with International Financial Reporting Standards (IFRS) and all applicable legislation.

The directors have no reason to believe that the Company will not be a going concern in the year ahead, based on forecasts and available cash resources. These annual financial statements have accordingly been prepared on that basis.

It is the responsibility of the independent auditors to report on the annual financial statements. Their report to the shareholders of the Company is set out on pages 11 - 13 of this report.

Approval of the annual financial statements

The directors' report on pages 9 - 10 and the annual financial statements of the Company, which appear on pages 14 - 39, were approved by the board of directors and are signed by:

ML De Nysschen
Director
29 April 2019

L Ince
Director
29 April 2019

COMMISSIONER STREET NO. 11 (RF) LIMITED

Company Secretary's Certificate

To the shareholder on Commissioner Street No. 11 (RF) Limited

In accordance with the provisions of the Companies Act, No 71 of 2008 (as amended), ("the Act"), Absa Secretarial Services Proprietary Limited, in its capacity as Company Secretary, certifies that, in respect of the year ended 31 December 2018, the Company has lodged with the Registrar of Companies all returns prescribed by the Act and that all such returns are, to the best of its knowledge and belief, true, correct and up to date.

Absa Secretarial Services Proprietary Limited
Company Secretary representative: GJ van Rooyen
29 April 2019

COMMISSIONER STREET NO. 11 (RF) LIMITED

Corporate Governance Statement
For the year ended 31 December 2018

The Company is fully committed to the governance outcomes, principles and practices as set out in the King IV Report on Corporate Governance™ in South Africa 2016 (“King IV Report”).

King IV was implemented on a proportional basis and practices were scaled considering the extent and complexity of the Company’s activities.

For the year under review the Board has satisfied itself that the Company has applied the principles of King IV to the extent deemed necessary, or have put alternative measures in place.

Below is an explanation of the Company’s application of paragraph 5.7(b) of the JSE Debt Listing Requirements as at 31 December 2018:

Board of directors

The board consists of:

- Independent non-executive directors (three)
- Executive director (one)

Principle 1: The governing body should lead ethically and effectively.

The Board is committed to the highest standards of corporate governance and in this regard the directors collectively and individually execute their duties and responsibilities in accordance with standards of behaviour required by relevant regulation and legislation, the Company’s Memorandum of Incorporation (MoI).

Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The Company’s Board of Directors (the “Board”) is the focal point of the Company’s corporate governance. The MoI sets out the practices for implementing the corporate governance provisions set out in King IV, the Companies Act No. 71 of 2008 (as amended) (“the Companies Act”), other good governance practices and the governance principles determined by the Board from time to time.

Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Directors are appointed with due regard to relevant legislation, the constitution of the Company and the skills and expertise and industry knowledge required to enable the board to function effectively.

Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board (i) approves the Company’s strategic objectives and business plans, (ii) and monitors management’s implementation of the strategy and plans according to the approved risk appetite, the available opportunities, and the macro and regulatory environment.

Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

The effectiveness of the Board and performance of individual directors and the Chairman will be assessed during the 2019 financial year, against set criteria.

Independent advice

A director or any member of a board committee may, if necessary, take independent professional advice at the expense of the Company.

Company secretary

All directors have access to the advice and services of the company secretary, who provides guidance to the board as a whole and to individual directors with regard to how their responsibilities should be discharged in the best interest of the Company.

Audit committee

The board has concluded that the audit committee has satisfied its responsibilities as per the approved terms of reference.

Remuneration policy

The Company is a ring-fenced special purpose vehicle. All its services are outsourced to external service providers and the Company has no employees. Therefore it is not necessary for the Board to appoint a CEO and it is not necessary for the Company to have a remuneration committee.

The executive director of the Company is a full time employee of Absa Bank Limited and therefore earns no directors' fees for his services as director.

The Company's directors' fees were paid to TMF Corporate Services (South Africa) Proprietary Limited for director services provided to the company. The company had three directors who are employees of, and remunerated by, TMF Corporate Services (South Africa) Proprietary Limited on a separate basis. Absa Group Limited representative directors are not remunerated for their services by the Company, or any other company in the group.

Risk management

Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The Company aligns with the Absa Group Limited Risk Policy. Absa Corporate Investment Banking ("CIB"), a division of Absa Bank Limited administers the company and develops appropriate risk processes. CIB assists in assessing and reporting risk matters to the board.

Fundamental and affected transactions

The Company does not conduct business with entities in which its directors have an interest. Directors are requested to declare their directorships in other companies on a quarterly basis.

IT governance

Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

Information Technology governance is performed in alignment with the Absa Group Limited IT Policy.

Compliance

Principle 13: The governing body should govern compliance with laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

The company relies upon Absa Group Compliance to provide the function of a Compliance officer where required. The administrator provides the function of a compliance officer. The administrator ensures that the entity complies with rules and regulations.

Reporting and assurance

Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.

Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

The Company’s primary report is the annual financial statements in which the Company’s business activities and financial position is recorded.

The Board oversees the preparation of the annual financial statements and ensures that the state of affairs of the Company and its financial wellbeing are fairly presented through application of appropriate assurance processes supported by an effective control environment. The Audit Committee assists the board in overseeing assurance services and the effectiveness of the control environment in order to ensure the objectivity and integrity of the financial statements. The Board is ultimately responsible for the integrity of the report and approves the financial statements.

Audit Committee Report
For the year ended 31 December 2018

Members of the Audit Committee

The company's shareholder appointed the following members of the audit committee:

R Thanthony (Chairperson)	Appointed: 27 February 2015
JN Wheeler	Appointed: 01 December 2018
ML De Nysschen	Appointed: 01 August 2018

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 as amended and Regulation 42 of the Companies Regulation, 2011.

Meetings held by the Audit Committee

The audit committee performed the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 as amended by holding meetings with the key role players and by the unrestricted access granted to the external auditors.

The committee held a meeting on 16 April 2018, 31 October 2018 and 23 April 2019, during which it fulfilled its responsibilities in terms the audit committee charter, in order to be able to recommend approval of the Company's financial statements to the Board.

Expertise and experience of finance function

Absa Secretarial Services, as Company Secretary provides ongoing Company Secretarial administration to Commissioner Street No. 11 (RF) Limited. Absa Bank Limited, acting through its Corporate and Investment Banking Division ("CIB") is the administrator of the Issuer, whose function is outsourced to Maitland Group SA under a Service Level Agreement.

The committee satisfied itself that the composition, experience and skills set of the finance function met the Company's requirements.

Independence of external auditors

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act 71 of 2008 as amended and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided in terms of the Companies Act 71 of 2008 as amended that internal governance processes within the firm support and demonstrate the claim to independence.

The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

COMMISSIONER STREET NO. 11 (RF) LIMITED

Audit Committee Report
For the year ended 31 December 2018

Discharge of responsibilities and Audited Annual Financial Statements

Following the review by the committee of the audited annual financial statements of the Company for the year ended 31 December 2018 and based on the information provided to it, the committee considers that, in all material respects, the Company complies with the provisions of the Companies Act No 71 of 2008, as amended, International Financial Reporting Standards, and that the accounting policies applied are appropriate.

Following the review of the audited annual financial statements the committee recommended the Company's 2018 audited annual financial statements for approval to the Board on 29 April 2019.

The committee further concurred with the Board and management that the adoption of the going-concern status in preparation of the annual audited financial statements is appropriate.

On behalf of the audit committee:

R Thanthony
Chairperson of the Audit Committee
29 April 2019

Directors' Report
For the year ended 31 December 2018

The directors present their report for the year ended 31 December 2018.

1. Review of financial results and activities

Main business and operations

The activities of Commissioner Street No. 11 (RF) Limited ("the Company") are restricted by the Issuer Transaction Documents and will be limited to the issue of Notes, the purchase of the Loan Agreements, the exercise of related rights and powers and other activities referred to in the Issuer Transaction Documents or reasonably incidental to such activities. The Company commenced operations in November 2015. Until this point the Company was dormant.

2. Financial results and dividends

The results for the year are set-out in the attached annual financial statements. The Company made a profit of R321 501 (2017: R3 307 loss). No ordinary dividends have been declared during the year and none are recommended.

3. Authorised and issued share capital

The authorised share capital consists of 1000 no par value ordinary shares and 100 no par value non-cumulative redeemable preference shares.

The issued share capital consists of 100 ordinary par value shares at an aggregate consideration of R100 (2017: R100).

4. Holding entity

The Company's parent entity, in accordance with the Companies Act, is the Commissioner Street Owner Trust, which is registered and domiciled in South Africa and holds 100% of the ordinary shares issued.

5. Directors and secretary

The directors of the company during the year and up to the date of this report are as follows:

Independent non-executive directors:

R Thanthony	Appointed: 27 February 2015	
O Ferreira (Alternate)	Appointed: 31 January 2017	
JN Wheeler	Appointed: 1 December 2018	
ML De Nysschen	Appointed: 1 August 2018	
O Shabangu	Appointed: 31 January 2017	Resigned: 10 October 2018
B Korb	Appointed: 31 January 2017	Resigned: 10 October 2018

Executive director:

L Ince	Appointed: 17 November 2015

5. Directors and secretary (continued)

Company Secretary

TMF Corporate Services (South Africa) Proprietary Limited		Resigned:	17/09/2018
Absa Secretarial Services Proprietary Limited		Appointed:	17/09/2018

Business	Postal
7th Floor	PO Box 7735
Absa Towers West	Johannesburg
15 Troye Street	Gauteng
Johannesburg	2000
2000	

Public Officer

Bongeka Ndamase		Appointed:	01/11/2018
R Thanthony	Appointed: 1 October 2012	Resigned:	01/11/2018

6. Directors' interest in contracts

No contracts were entered into in which directors of the Company had an interest and which significantly affected the business of the Company.

7. Directors' emoluments

The Company's directors' fees of R102,470 (2017: R196,037) are paid to TMF Corporate Services (South Africa) Proprietary Limited for director services provided to the company. Non-executive directors are employees of, and remunerated by, TMF Corporate Services (South Africa) Proprietary Limited on a separate basis. Absa Group Limited representative directors are not remunerated for their services by the Company, or any other company in the group.

8. Events subsequent to statement of financial position date

No matter which is material to the financial affairs of the company has occurred between the reporting date and the date of approval of the annual financial statements.

9. Going concern

The Company is an insolvency remote special purpose vehicle which was incorporated for the purpose of acquiring loan agreements to be funded by the issuance of Notes in the Capital Markets. Accordingly, the company was structured to operate for a finite period of time aligned with collection of the debt portfolio and the repayment of the debt obligations. The Company currently has a negligible negative Net Asset Value (NAV) position. The cash obligations of the Company are discharged in terms of a waterfall of payments which form part of the transaction documents. The transaction documents provide that all payments to be made to secured creditors (including the noteholders) will be made to the extent permitted by and subject to the priority of payments. Therefore subordination is inherent in the structure. Based on these factors the directors are of the opinion that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. Therefore, the financial statements have been prepared on a going concern basis.

10. Special Resolutions

No special resolutions were passed during the year.

Building a better working world

Independent Auditor's Report to the Shareholders of Commissioner Street No. 11 (RF) Limited

Report on the Audit of Annual Financial Statements

Opinion

We have audited the financial statements of Commissioner Street No. 11 (RF) Limited, set out on pages 14 to 39, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Commissioner Street No. 11 (RF) Limited, as at 31 December 2018, 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA code) and other independence requirements applicable to performing the audit of Commissioner Street No. 11 (RF) Limited. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IESBA Code, and in accordance with other ethical requirements applicable to performing the audit Commissioner Street No. 11 (RF) Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises of the Directors' responsibilities and approval, Company secretary's certificate, Corporate Governance statement, Audit committee report and the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors'.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Commissioner Street No. 11 (RF) Limited for 1 year.

Ernst & Young Inc.

Ernst & Young Inc.
Partner – Janneman Labuschagne
Registered Auditor
Chartered Accountant (SA)
30 April 2019

COMMISSIONER STREET NO. 11 (RF) LIMITED

Statement of Financial Position
As at 31 December 2018

	Notes	2018	2017
		R	R
Assets			
Non-current assets		**399,765,875**	400,003,879
Deferred tax asset	4	**-**	3,879
Loans and advances	3	**399,765,875**	400,000,000
Current assets		**3,748,788**	1,111,641,048
Loans and advances	3	**3,382,356**	1,111,613,370
Cash and cash equivalents	5	**366,432**	27,678
Total assets		**403,514,663**	1,511,644,927
Equity and liabilities			
Equity			
Total equity attributable to owners of parent		**(565,719)**	(9,872)
Ordinary and preference share capital	6	**100**	100
Accumulated loss		**(565,819)**	(9,972)
Liabilities			
Non-current liabilities		**400,000,000**	400,000,000
Debt securities in issue	7	**400,000,000**	400,000,000
Current liabilities		**4,080,382**	1,111,654,799
Trade and other payables	8	**620,584**	90,525
Current tax liabilities		**126,538**	-
Debt securities in issue	7	**3,333,260**	1,111,564,274
Total liabilities		**404,080,382**	1,511,654,799
Total equity and liabilities		**403,514,663**	1,511,644,927

COMMISSIONER STREET NO. 11 (RF) LIMITED

Statement of Comprehensive Income
For the year ended 31 December 2018

	Notes	2018	2017
		R	R
Interest income on EIR basis	9	**123,313,473**	133,789,896
Interest expense	10	**(122,747,937)**	(133,229,520)
Net interest income		**565,536**	560,376
Other income		**2,000**	-
Operating expenses	11	**(758,840)**	(564,970)
Expected credit loss - reversal	12	**643,223**	-
Profit / (loss) from operating activities		**451,919**	(4,594)
Profit / (loss) before tax		**451,919**	(4,594)
Income tax (expense) / credit	13	**(130,417)**	1,287
Profit / (loss) for the year		**321,501**	(3,307)

COMMISSIONER STREET NO. 11 (RF) LIMITED

Statement of Changes in Equity
For the year ended 31 December 2018

	Notes	Ordinary and preference share capital R	Accumulated loss R	Total R
Balance at 1 January 2017		100	(6,666)	(6,566)
Comprehensive income		-	(3,307)	(3,307)
Loss for the year		-	(3,307)	(3,307)
Balance at 31 December 2017		**100**	**(9,973)**	**(9,873)**
Balance at 1 January 2018 as previously reported		100	(9,973)	(9,873)
Adoption of IFRS 9	**2.5**	-	(877,348)	(877,348)
Adjusted balance as at 1 January 2018		100	(887,321)	(887,221)
Comprehensive income		-	321,501	321,501
Profit for the year		-	321,501	321,501
Balance at 31 December 2018	**6**	**100**	**(565,819)**	**(565,719)**

COMMISSIONER STREET NO. 11 (RF) LIMITED

Statement of Cash Flows
For the year ended 31 December 2018

	Notes	2018 R	Restated 2017 R
Cash flows generated from / (used in) operations			
Cash generated from / (utilised in) operations	**14.1**	**(226,782)**	(562,915)
Interest paid [1]	**14.2**	**(130,978,951)**	(133,454,221)
Interest received [1]	**14.3**	**131,544,487**	134,014,597
Net cash flows from / (used in) operating activities		**338,754**	(2,539)
Cash flows from investing activities			
Loans and advances repaid		**1,100,000,000**	-
Cash flows from investing activities		**1,100,000,000**	-
Cash flows used in financing activities			
Debt securities settled		**(1,100,000,000)**	-
Cash flows used in financing activities		**(1,100,000,000)**	-
Net increase / (decrease) in cash and cash equivalents		**338,754**	(2,539)
Cash and cash equivalents at beginning of period		**27,678**	30,217
Cash and cash equivalents at end of period	**5**	**366,432**	27,678

[1] Interest received has been restated to separately disclose the amount received in cash. This resulted in an increase in interest received of R134,014,597 and a corresponding decrease in cash generated from operations amount in Note 14. A similar restatement for finance costs paid, resulting in a decrease of R133,454,221 has been separately disclosed as interest paid with a corresponding increase in cash generated from operations amount in Note 14 , in order to reflect the actual finance costs paid.

1. General information

Commissioner Street No. 11 (RF) Limited (Registration Number 2012/114171/06) (“the Company") is a company incorporated in the Republic of South Africa, the entire issued share capital of which is held by the Commissioner Street Owner Trust, a registered, discretionary trust. The Company is an entity incorporated for the sole purpose of issuing notes, the purchase of loan agreements and the exercise of related rights and powers and other activities reasonably incidental to such activities. This enables investors to invest in various instruments.

The address of the Company's registered office is 7th Floor Absa Towers West, 15 Troye Street, Johannesburg, Gauteng, 2000.

2. Accounting policies

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

2.1 Statement of compliance

The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), Interpretations issued by the International Financial Reporting Standards Interpretation Committee (IFRS-IC), SAICA Financial Reporting Guide as issued by the Accounting Practices Committee, and in the manner required by the Companies Act No 71 of 2008 (as amended), of South Africa.

2.2 Basis of accounting and measurement

The annual financial statements have been prepared on an accrual basis of accounting, except for information contained in the cash flow statement. The measurement basis used is the historical cost basis.

2.3 Functional and presentation currency

The annual financial statements are presented in South African Rand, which is the Company's functional and presentation currency. All financial information is presented to the nearest Rand.

2.4 Use of estimates and judgements

The preparation of annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Management has determined that the underlying assumptions are appropriate and the Company's annual financial statements therefore present the financial position fairly.

Information about significant areas of estimation uncertainty and critical judgements in applying the accounting policies that have the most significant effect on the amounts recognised in the annual financial statements are included in the individual notes to the annual financial statements. Refer to note 16 which discloses the assumptions made regarding estimation of uncertainty surrounding fair value disclosures. More detail relating to the calculation of expected credit losses can be found in note 2.6.3.

The company currently has an estimated assessed tax loss that is available for offset against future taxable income, which could result in a deferred tax asset. Refer to note 2.10.2 for how this is determined.

2. Accounting policies (continued)

2.5 New standards and interpretations

(a) Standards and interpretations effective and adopted in the current year

During the current year, the company has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2018. Apart from IFRS 9, the adoption of these new and revised standards and interpretations has not resulted in material changes to the company's accounting policies. The company adopted the following standards, interpretations and amended standards during the year:

	Classification	
	IAS 39	**IFRS 9**
Financial Assets		
Loans and advances	Loans and receivables	Amortised cost
Trade and other receivables	Loans and receivables	Amortised cost
Cash and cash equivalents	Cash	Amortised cost
Financial Assets		
Debt securities in issue	Amortised cost	Amortised cost
Trade and other payables	Amortised cost	Amortised cost

	Measurement				
	IAS 39	**Changes to opening balances**	**IFRS 9 - restated balance**	**Deferred taxation**	**Retained income**
	R	**R**	**R**	**R**	**R**
Financial Assets					
Loans and advances	1,511,613,370	(877,348)	1,510,736,022	-	(877,348)
Cash and Cash Equivalents	27,677	-	27,677	-	-
Total financial Assets	**1,511,641,047**	**(877,348)**	**1,510,763,699**	**-**	**(877,348)**
Financial Liabilities					
Debt securities	1,511,564,274	-	1,511,564,274	-	-
Trade and other payables	90,527	-	90,527	-	-
Total Financial liabilities	**1,511,654,801**	**-**	**1,511,654,801**	**-**	**-**
Total impact to equity					**(877,348)**

2. Accounting policies (continued)

2.5 New standards and interpretations (continued)

(a) Standards and interpretations effective and adopted in the current year (continued)

The impact of the various changes arising in conjunction with the first-time application of IFRS 9 is explained below:

a). Adjustment of impairment allowances in accordance with the new requirements of IFRS 9. The following table shows the adjustments made to impairment allowances in the Group Balance Sheet as a result of the first-time application of IFRS 9.

	Impairment allowance 31-Dec-17	Impairment allowance adjustment (IFRS 9)	Impairment allowance 1-Jan-18
Loans and advances - Stage 1	-	877,348	877,348

(b) Standards and interpretations not yet effective and not adopted

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

Standard	Annual period beginning on or after:
• IFRIC 23 Uncertainty Over Income Tax Treatments	
Interpretation clarifying the accounting for uncertainties in income taxes.	1 January 2019
• AIP 2015-2017	
Non-urgent but necessary clarifications and amendments to the following standards of IFRS: IFRS 3 Business Combinations IFRS 11 Joint Arrangements IAS 12 Income Taxes IAS 23 Borrowing Costs	1 January 2019
• IFRS 3 Business Combinations	
Amendments to the definitions included in the appendix to IFRS 3 which will assist entities in determining whether an acquisition made is of a business or a group of assets. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.	Acquisitions on or after 1 January 2020

Other pronouncements are not expected to have an impact on the entity.

2. Accounting policies (continued)

2.6 Financial instruments

Financial instruments are initially measured at fair value and are subsequently measured on the basis as set out below. Transaction costs of instruments carried at fair value through profit and loss are recognised immediately through the profit and loss component of the statement of comprehensive income. For other categories of financial instruments, transaction costs (which includes incremental costs) and transaction income (i.e. initiation fees) are capitalised to the initial carrying amount.

Financial instruments are recognised on the date when the Company enters into contractual arrangements with counterparties to purchase or sell the financial instruments. All financial instruments are recognised at trade date.

The Company is required to group instruments into classes that are appropriate to the nature of the information disclosed and take into account the characteristics of those financial instruments. Classes of financial instruments have been determined by referring to the nature and extent of risks arising from the financial instruments and how these are managed.

2.6.1 Classification - financial assets

(a) Policy applicable from 1 January 2018

Business model assessment

The Company makes an assessment of the objective of the business model in which an asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management.

The Company's financial assets include loans and advances and cash and cash equivalents.

2.6.1 Depending on the business model and the structure of contractual cash flows, financial assets are classified as follows:

- Amortised cost

  The 'amortised cost' is the amount at which financial assets are measured on initial recognition, minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowed before 1 January 2018).

  A financial asset is classified at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit and loss ("FVTPL"):
  - The asset is held within the business model whose objective it is to hold assets to collect contractual cash flows; and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI).

- Fair value through profit and loss ("FVTPL")

  All other financial assets are classified at FVTPL.

(b) Policy applicable before 1 January 2018

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortisation is included in the profit and loss component of the statement of comprehensive income. The carrying amount of impaired loans on the statement of financial position is reduced through the use of identified or unidentified impairment.

Once a loan has been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2. Accounting policies (continued)

2.6 Financial instruments (continued)

2.6.2 Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit and loss. The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

2.6.3 Impairment of financial assets

(a) Policy applicable from 1 January 2018

The entity uses a mixed approach to impairment where parameters are modelled at an individual financial instrument level or on a portfolio basis when they are only evident at this higher level. A collective approach will only be carried out when financial instruments share similar risk characteristics, which could include factors such as instrument type, collateral type, industry, geography and credit risk ratings.

The Company recognises expected credit losses based on unbiased forward-looking information. Expected credit losses are recognised on:

- financial assets at amortised cost

Impairment is recognised based on a three-stage approach:

Stage 1	Exposures where there has not been a significant increase in credit risk since origination. For these exposures an expected credit loss is recognised based on the credit losses expected to result from default events that are possible within 12 months of the reporting date. Interest income is calculated based on the gross carrying value of these instruments.
Stage 2	Exposures for which the credit risk has increased significantly since initial recognition. For these exposures lifetime expected credit losses should be recognised (i.e. credit losses from default events that are possible over the life of the instrument). The Company will assess whether a significant increase in credit risk has occurred based on (i) qualitative drivers including being marked as high risk or reflected on management's watch list; and (ii) quantitative drivers such as the change in the asset's cumulative weighted average lifetime probability of default (PD). Any exposure that is more than 30 days past due will also be included in this stage. Interest income is calculated based on the gross carrying value of these instruments.
Stage 3	Exposures which are credit impaired. For these exposures, expected credit losses are based on lifetime losses. Assets are considered to be credit impaired when they meet the regulatory definition of default which includes unlikeliness to pay indicators as well as any assets that are more than 90 days past due. Interest income is calculated based on the carrying value net of the loss allowance.

Lifetime expected credit losses will no longer be recognised when there is evidence that the criteria are no longer met. This could include a history of timely payment performance. The low credit risk exemption in IFRS 9 has not been adopted by the Company.

The measurement of expected credit losses must reflect:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money (represented by the effective interest rate); and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

2. Accounting policies (continued)

2.6.3 Impairment of financial assets (continued)

(a) Policy applicable from 1 January 2018 (continued)

Expected credit losses comprise the unbiased probability weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. Expected credit losses are calculated (for both 12 months and lifetime losses) as a function of the exposure at default (EAD); PD and loss given default (LGD). These terms are interpreted as follows per the requirements of IFRS 9:

- EAD is the estimated amount at risk in the event of a default (before any recoveries) including behavioural expectation of limit usage by customers in the various stages of credit risk.
- PD is the probability of default at a particular point in time, which may be calculated, based on the defaults that are possible to occur within the next 12 months; or over the remaining life; depending on the stage allocation of the exposure.
- LGD is the difference between the contractual cash flows due and the cash flows expected to be received, discounted to the reporting date at the effective interest rate. The expectation of cash flows take into account cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The estimate reflects the amount and timing of cash flows expected from the enforcement of collateral less the costs of obtaining and selling the collateral. The collection of any cash flows expected beyond the contractual maturity of the contract is also included.

Lifetime of financial instruments

For exposures in stage 2 and stage 3, the maximum lifetime over which expected credit losses should be measured, is the maximum contractual period over which the Company is exposed to credit risk. The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument. In rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the Company use the remaining contractual term of the financial instrument.

Certain credit exposures include both a drawn and an undrawn component and the Company's contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to the contractual notice period. In this case, expected credit losses are measured over the period that the Company is exposed to credit risk, even if that period extends beyond the maximum contractual period. Within the Company, this applies to overdrafts, credit cards and other revolving products. These contracts are cancellable at very short notice and they have no fixed term but credit may continue to be extended for a longer period and may only be withdrawn after the credit risk of the borrower increases, which could be too late to prevent losses. For these types of products the expected life is based on the behavioural life, i.e. the period over which there is exposure to credit risk which is not expected to be mitigated by credit actions (e.g. limit decreases) even though the contract permits immediate limit decrease.

Forward looking information

Forward-looking information is factored into the measurement of expected losses through the use of multiple expected macro economic scenarios that are either reflected in estimates of PD and LGD for material portfolios; or adjusted through expert credit judgement where the effects could not be statistically modelled.

Write-off

Loans and advances are written off when there is no realistic prospect of recovery.

2. Accounting policies (continued)

2.6 Financial instruments (continued)

2.6.3 Impairment of financial assets (continued)

(b) Policy applicable before 1 January 2018

The entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the entity may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

2.6.3 Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- The contractual rights to the cash flows arising from the financial assets have expired or have been forfeited by the Company; or
- The Company retains the rights to receive cash flows from the asset but has assumed an obligation to pay for them in full without material delay to a third party under a pass-through arrangement; or
- It transfers the financial asset including substantially all the risks and rewards of ownership of the assets; or
- It transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the assets.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Company could be required to repay.

2. Accounting policies (continued)

2.6 Financial instruments (continued)

2.6.4 Derecognition of financial liabilities

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same tender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit and loss component of the statement of comprehensive income.

2.6.5 Fair value

None of the Company's financial instruments are carried at fair value through profit or loss.

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The method of determining the fair value of financial instruments can be analysed into the following categories:

(a) Level 1 – Unadjusted quoted prices in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

(b) Level 2 – Valuation techniques using market observable inputs. Such techniques may include:

- using recent arm's length market transactions;
- reference to the current fair value of similar instruments; and
- discounted cash flow analysis, pricing models or other techniques commonly used by market participants.

(c) Level 3 – Valuation techniques, as described in (b) above, for which not all inputs are market observable prices or rates. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as 'day one profit and loss', is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

The valuation techniques in (b) and (c) use inputs such as interest rate yield curves, equity prices, volatilities of the underlying and correlations between inputs. The models used in these valuation techniques are calibrated against industry standards, economic models and to observed transaction prices where available.

2.7 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2. Accounting policies (continued)

2.8 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

2.8.1 Net interest income

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised in 'Net interest income' in the statement of comprehensive income using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount on initial recognition. When calculating the effective interest rate, the Company estimates the cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

In calculating effective interest, the Company estimates cash flows using projections based on its experience of customer behaviour considering all contractual terms of the financial instrument but excluding future credit losses. Cash flows arising from the transaction costs of issuing financial instruments are also taken into account in the calculation.

Interest is accrued in respect of impaired advances, based on the original effective interest rate used to determine the recoverable amount.

2.9 Cash and cash equivalents

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

2.10 Taxation

The taxation charge comprises current and deferred tax. Income tax expense is recognised in the profit and loss component of the statement of comprehensive income, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

2.10.1 Current taxation

The current tax liability or asset is the expected tax payable or recoverable, using tax rates and tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The taxation charge in the financial statements for amounts due to fiscal authorities in the various territories in which the Company operates, includes estimates based on a judgement of the application of law and practice in certain cases to determine the quantification of any liability arising. In arriving at such estimates, management assesses the relative merits and risks of the tax treatment for similar classes of transactions, taking into account statutory, judicial and regulatory guidance and, where appropriate, external advice.

2. Accounting policies (continued)

2.10 Taxation (continued)

2.10.2 Deferred tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The rates enacted or substantively enacted at the reporting date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss.

Deferred income tax is provided on temporary differences arising principally from fair value movements on interest rate swaps and accrued interest on financial assets and liabilities.

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

The tax effects of income tax losses available for carry-forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting 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. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

2.11 Operating segments

Commissioner Street No. 11 (RF) Limited issues various debt security notes which enables investors to invest in various debt instruments. The information regarding the results of the reportable segment is disclosed in the financial statements as currently set out, thus no further IFRS 8 Operating segments disclosures required. Management views the entire entity as one segment.

	2018	2017

3. Loans and advances

Loans and advances are financial assets that have a contractual right to receive cash. At year-end, loans and advances comprise a fixed interest rate loan to an independent South African corporate.

	2018	2017
Loan to BMW Financial Services via Absa Bank Limited, acting through its Corporate and Investment Banking Division ('CIB')	**400,000,000**	1,500,000,000

Commissioner Street No.11 (RF) Limited purchased from Absa Bank Limited, acting through its Corporate and Investment Banking Division('CIB'), all of Absa CIB's rights, title and interest as Lender, in and to the Loan Agreement with BMW Financial Services and the BMW AG Guarantee. The Company issued various classes of notes to investors (refer to note 7).

The loans shall be repaid in two tranches

Contractual maturity dates of the loans:

	Coupon type	Coupon rate	Stated maturity/ repayment dates	All-In Rate	Capital
Tranche A	Variable	3-Month JIBAR + 1.41%	11/30/2018	8.535%	-
Tranche B	Fixed	9.645%	11/30/2020	9.645%	400,000,000

Interest is payable every three months on the variable rate tranche and every six months on the fixed rate tranche.

A breakdown of the loan balances is as follows:

	2018	2017
Non-current asset:		
Capital	**400,000,000**	400,000,000
Expected credit loss	**(234,125)**	-
	399,765,875	400,000,000
Current asset:		
Capital	-	1,100,000,000
Interest accrued	**3,382,356**	11,613,370
	3,382,356	1,111,613,370
Balance at year-end	**403,148,231**	1,511,613,370

All the company's rights and interests to these balances are pledged to the Commissioner Street No. 11 Security SPV Proprietary Limited (refer to note 7). The impairment provision relates to expected credit losses as calculated in terms of IFRS 9.

4. Deferred tax

Deferred income / (expense) taxes are calculated on all temporary differences under the liability method using a principal tax rate of 28%.

The movement on the deferred tax asset is as follows:

	2018	2017
Balance at the beginning of the year:	**(3,879)**	(2,592)
Deferred tax asset decrease / (increase)	**3,879**	(1,287)
Balance at the end of the year	**-**	(3,879)

	2018	2017

4. Deferred tax (continued)

	2018	2017
Deferred tax arising from:		
Unutilised assessed loss	**-**	(1,287)
Reverse of deferred tax asset	**3,879**	-
	3,879	(1,287)

Management does not foresee any prospect of future taxable income, therefore, no deferred tax asset is recognised.

As at 31 December 2018 the Company has an estimated tax loss amounting to R13,852 (2017: Rnil). No deferred tax asset has been recognised in the current and prior year for the estimated assessed losses available.

5. Cash and cash equivalents

Cash and cash equivalents comprise:

	2018	2017
Balances with banks	**366,432**	27,678
	366,432	27,678

All the company's rights and interests to these balances are pledged to the Commissioner Street No. 11 Security SPV Proprietary Limited. Refer to Note 7.

6. Share capital

	2018	2017
Authorised		
• 1000 (2017: 1000) no par value ordinary shares	**1,000**	1,000
• 100 (2017: 100) no par value non-cumulative redeemable preference shares	**100**	100
Issued		
• 100 (2017:100) no par value ordinary shares	**100**	100

7. Debt securities in issue

The Company issued various classes of notes which are listed on the Johannesburg Securities Exchange (JSE) to investors. The notes constitute direct, secured, limited recourse obligations of the Company. The notes were rated by Standard and Poor's Ratings Services, and consist of the following:

Class	Coupon type	JSE Description	Scheduled maturity date	Rating	All-in Rate
Class A1 notes	Variable	TPDA06	11/30/2018	zaAAA	8.535%
Class A2 notes	Fixed	TPDA08	11/30/2020	zaAAA	9.505%

The legal final maturity date for the Class A2 note (TPDA08) is 30 November 2020. The class A1 note (TPDA06) was redeemed in full on 30 November 2018.

	2018	2017

7. Debt securities in issue (continued)

The notes are a financial liability to pay cash and are accounted for at amortised cost. The carrying values of the notes are as follows:

Description	**Fair value**		**Carrying value**	
	2018	**2017**	**2018**	**2017**
	R	**R**	**R**	**R**
TPDA06	**-**	1,112,505,365	-	1,100,000,000
TPDA08	**403,333,260**	407,468,200	**400,000,000**	400,000,000
	403,333,260	1,519,973,565	**400,000,000**	1,500,000,000
Interest accrued			**3,333,260**	11,564,274
			403,333,260	1,511,564,274
Less interest and capital reclassified to current liabilities			**(3,333,260)**	(1,111,564,274)
			400,000,000	400,000,000

	2018	2017
A breakdown of the debt securities in issue balances is as follows:		
Non-current liability:		
Capital	**400,000,000**	400,000,000
Current liability:		
Capital	**-**	1,100,000,000
Interest accrued	**3,333,260**	11,564,274
Balance at year-end	**403,333,260**	1,511,564,274

Maturity analysis of the capital amounts for the above notes, based on scheduled maturity, is:	2018	2017
On demand	**-**	**-**
Within 1 year	**-**	1,100,000,000
From 1 to 5 years	**400,000,000**	400,000,000
More than 5 years	**-**	-
	400,000,000	1,500,000,000

The fair value of the debt securities has been derived using the listed price as at 31 December 2018 adjusted for the last interest repayment on 30 November 2018.

In terms of the Security SPV Guarantee, Commissioner Street No.11 Security SPV Proprietary Limited holds and can realise security for the benefits of the Series Transaction Secured Creditors (the Noteholders) in the event of a default. The default event that drives the guarantee is CS 11 defaulting on the notes, not the underlying borrowers defaulting on their loans. In brief, the security consists of the Company's rights, title and interests in and to the bank accounts and permitted investments, the collateral and all other benefits and rights flowing from the aforementioned rights and interests.

	2018	2017

8. Trade and other payables

	2018	2017
Administration fees	**362,917**	27,917
Audit fees	**197,553**	-
Corporate secretarial fees	**-**	2,000
Directors fees	**33,557**	34,156
JSE listing fees	**23,144**	23,940
Strate fees	**3,413**	2,512
	620,584	90,525

9. Interest income

	2018	2017
Interest Income - BMW Loans		
Tranche A	**84,727,937**	95,209,521
Tranche B	**38,580,000**	38,580,000
Bank interest	**5,536**	375
	123,313,473	133,789,896
Portfolio analysis		
Interest on financial assets held at amortised cost on effective interest rate ("EIR") basis)	**123,313,473**	133,789,896
	123,313,473	133,789,896

10. Interest expense

	2018	2017
Interest expense and similar charges are paid on:		
Debt securities in issue	**122,747,937**	133,229,520
	122,747,937	133,229,520

11. Operating expenses

	2018	2017
Included in operating expenses are the following significant transactions		
Administrator fees	**335,000**	335,000
Audit fees	**287,658**	-
Bank charges	**3,081**	3,435
Director's fees	**102,470**	196,037
JSE listing fees	**23,144**	23,940
Strate fees	**7,487**	6,558
	758,840	564,970

	2018	2017
	R	R

12. Credit risk reconciliation - expected credit loss allowance

	Balance at the beginning of the period	Expected credit losses allocation	Total
	R	R	R
2018			
Loans and advances			
Stage 1	877,348	(643,223)	**234,125**
Total expected credit losses	877,348	(643,223)	**234,125**

The majority of the reversal in expected credit losses during the current year, was as a result of the loans and advances that were repaid during the year.

13. Taxation

South African normal taxation

	2018	2017
Current taxation	**126,538**	-
Current tax on profit for the year	**126,538**	-
	126,538	**-**
Deferred tax	**3,879**	1,287
Deferred tax (see Note 4)	**3,879**	1,287
	130,417	1,287

Reconciliation between operating loss and the taxation income

	2018	2017
Profit / (loss) before tax from operations	**451,919**	(4,592)
Income tax calculated at 28.0%	**126,538**	(1,287)
Tax effect of		
- Deferred tax adjustment due to reversal of expected credit loss	**180,102**	-
- Deferred tax asset not recognised	**(176,223)**	-
Effective tax	**130,417**	(1,287)

14. Notes to the statement of cash flows

14.1 Cash utilised in operations

	2018 R	2017 R
Operating loss before tax	**451,919**	(4,594)
Adjustments for non-cash items		
Expected credit loss	**(643,223)**	-
	(191,304)	(4,594)
Separately disclosed items	**(565,536)**	(560,376)
Interest income	**(123,313,473)**	(133,789,896)
Interest expense	**122,747,937**	133,229,520
Cash flow before changes in working capital	**(756,840)**	(564,970)
Changes in working capital	**530,058**	2,055
Increase in trade and other payables	**530,058**	2,055
Cash generated from operations	**(226,782)**	(562,915)

14.2 Interest paid

	2018 R	2017 R
Interest expense	**(122,747,937)**	(133,229,520)
Movement in interest accrual	**(8,231,014)**	(224,701)
Interest accrued current year	**3,333,260**	11,564,274
Interest accrued prior year	**(11,564,274)**	(11,788,975)
Cash flow	**(130,978,951)**	(133,454,221)

14.3 Interest received

	2018 R	2017 R
Interest income	**123,313,473**	133,789,896
Movement in interest accrual	**8,231,014**	224,701
Interest accrued current year	**(3,382,356)**	(11,613,370)
Interest accrued prior year	**11,613,370**	11,838,071
Cash flow	**131,544,487**	134,014,597

15. Related parties

The following are defined as related parties of the Company:
- the parent trust;
- an entity controlled/jointly controlled or significantly influenced by the parent trust;
- key management personnel; and
- children and/or dependents and spouses or partners of the individuals referred to above.

Commissioner Street Owner Trust owns 100% (2017: 100%) of the ordinary shares in the Company.

Transactions with key management personnel (the directors) have been disclosed in Note 21.

Commissioner Street No.11 (RF)Limited purchased from Absa Bank Limited, acting through its Corporate and Investment Banking Division("CIB"), all of Absa CIB's rights, title and interest as Lender, in and to the Loan Agreement with BMW Financial Services and the BMW AG Guarantee. Refer to note 3.

	2018 R	2017 R
Balances		
Administration fees payable - Absa Bank Limited, acting through its CIB division	**362,917**	27,917
Directors fees payable	**33,557**	34,156
Transactions		
Administration fees expense - Absa Bank Limited, acting through its CIB division	**335,000**	335,000
Directors fees expense	**102,470**	196,037

	2018	2017
	R	R

16. Fair value of financial instruments

The table below summarizes the carrying amounts and fair values of those financial instruments not held at fair value:

	2018		
	Hierarchy level	Carrying value	Fair value
		R	R
Financial assets			
Loans and advances	Level 2	**403,148,231**	**403,148,231**
		403,148,231	**403,148,231**
Financial liabilities			
Debt securities in issue	Level 2	**403,333,260**	**403,333,260**
		403,333,260	**403,333,260**

The table below summarizes the carrying amounts and fair values of those financial instruments not held at fair value:

	2017		
	Hierarchy level	Carrying value	Fair value
		R	R
Financial assets			
Loans and advances	Level 2	1,511,613,370	1,511,613,370
		1,511,613,370	1,511,613,370
Financial liabilities			
Debt securities in issue	Level 2	1,511,564,274	1,519,973,565
		1,511,564,274	1,519,973,565

There were no transfers between the hierarchy levels during the year.

Trade and other receivables, trade and other payables and cash and cash equivalents carrying values estimate their respective fair values.

(a) Financial instruments in level 2

Loans and advances - These financial instruments are not traded in an active market; the company believes that the carrying value represents the fair value and the financial instruments could be exchanged in a transaction between willing parties at arms length. Absa Bank Limited, acting through its Corporate and Investment Banking Division ("CIB"), assess the credit risk on an on-going basis and the credit fundamentals on the underlying loans have not changed since inception. Credit risk adjustments were deemed unnecessary due to the A-grade credit rating of the counterparty and guarantor.

(b) Financial instruments in level 2

Debt Securities in issue - The fair value of the debt securities have been derived using the listed prices as at 31 December 2018 adjusted for the last interest payment in 30 November 2018. The quoted price is readily available; however, the security is traded infrequently in the market and has thus been included in level two.

	2018	2017
	R	R

17. Financial risk

The Company's financial instruments consist mainly of Loans and advances, Cash and cash equivalents and Debt securities in issue. Exposure to interest, credit and liquidity risks arises in the normal course of business.

The Company’s business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Company’s risk management are to identify all key risks for the Company, measure these risks, manage the risk positions and determine capital allocations. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Company’s aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company’s financial performance. The Company defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The risks arising from financial instruments to which the Company is exposed are financial risks, which include credit risk, liquidity risk, market risk (which are discussed below) and operational risk.

17.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company’s customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from loans and advances.

Credit risk is the single largest risk for the Company’s business; management therefore carefully manages its exposure to credit risk.

Absa Bank Limited, acting through its Corporate and Investment Banking Division ("CIB"), performs an assessment of BMW's credit risk on an annual basis and is satisfied with BMW's credit risk and view its performance to be in line with expectations.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period represented below, is the worst case scenario of credit risk exposure.

	2018	
	Cash balances	Loans and advances
	R	R
Gross carrying amount	**366,432**	**403,382,356**
Expected credit losses		
Stage 1	**-**	**(234,125)**
Stage 2	**-**	**-**
Stage 3	**-**	**-**
Carrying value of financial assets	**366,432**	**403,148,231**

	2018	2017
	R	R

17. Financial risk (continued)

17.1 Credit risk (continued)

	2017	
	Cash balances	**Loans and advances**
	R	**R**
Neither past due nor impaired	27,678	411,613,370
Past due but not impaired	-	-
Identified impairment	-	-
Unidentified impairments	-	-
Carrying value of financial assets	27,678	411,613,370

Neither past due nor impaired

Cash and cash equivalents - counterparties with external credit ratings [Fitch BB+ (2017: BBB-)R 366 432].

Loans and advances - counterparties with external credit ratings [S&P A+ (2017: A+) R 403 148 231].

17.2 Market risk

Market risk is the risk that the Company's earnings or capital, or its ability to meet its objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rate, foreign exchange rate, equity prices, commodity prices and credit spreads. The Company's market risk management objectives include:

- the protection and enhancement of the statement of financial position and statement of comprehensive income and facilitating business growth within a controlled and transparent risk management framework.
- the introduction of an interest rate risk management policy which uses a sensitivity analysis to simulate changes in the market and the effects thereof.

Interest rate risk

In the current year the remaining loans and notes are at amortised cost and at a fixed rate, therefore not subject to interest sensitivity.

The company issues variable rate notes to fund variable rate loans. The interest rate risk is hedged through matching of the interest rate risk profile of the loans and advances with the interest rate risk profile of the debt securities in issue.

As such, the only financial instrument exposed to interest rate risk is cash and cash equivalents. The effect of a 100 basis point increase or decrease in the deposit interest rate will be to increase or decrease respectively the interest received by R3,664 (2017: R276).

Currency risk

The Company has no currency risk as all loans and advances are denominated in Rand.

	2018	2017
	R	R

17. Financial risk (continued)

17.3 Liquidity risk

Liquidity risk results from both the differences between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously and cost effectively. Liquidity risk management deals with the overall time profile of the current statement of financial position as well the expected future structure.

Liquidity risk management process

The availability of funding through liquid cash positions with Absa Bank Limited, acting through its Corporate and Investment Banking Division ("CIB"), ensures that the Company has the ability to fund day-to-day operations.

The following are the contractual maturities of financial liabilities, based on scheduled maturity, including estimated interest payments and excluding the impact of netting agreements:

	2018				
	Carrying amount	**Contractual cash flows**	**On demand**	**Within 1 year**	**From 1 year to 2 years**
Loans and advances	**403,148,231**	**477,265,699**	**-**	**38,791,397**	**438,474,301**
Cash and cash equivalents	**366,432**	**366,432**	**-**	**366,432**	**-**
Debt securities in issue	**(403,333,260)**	**(476,144,164)**	**-**	**(38,228,329)**	**(437,915,836)**
Trade and other payables	**(620,584)**	**(620,584)**	**-**	**(620,584)**	**-**
Net liquidity position	**(439,181)**	**867,382**	**-**	**308,916**	**558,466**

	2017				
	Carrying amount	**Contractual cash flows**	**On demand**	**Within 1 year**	**From 1 year to 2 years**
Loans and advances	1,511,613,370	1,709,730,699	-	1,232,465,000	477,265,699
Cash and cash equivalents	27,678	27,678	-	27,678	-
Debt securities in issue	(1,511,564,274)	(1,708,049,164)	-	(1,232,465,000)	(476,144,164)
Trade and other payables	(90,526)	(90,526)	-	(90,526)	-
Net liquidity position	(13,752)	1,618,687	-	(62,848)	1,121,535

18. Capital risk management

The proper planning and management of capital is essential to the Company to ensure it has sufficient and appropriate structured capital levels to support its risk appetite, business activities and regulatory requirements.

The Company is not subject to externally imposed capital requirements, and cannot guarantee any return.

19. Subsequent events

No matter which is material to the financial affairs of the company has occurred between the reporting date and the date of approval of the annual financial statements.

The financial statements were approved by the directors on the date in the statement of directors' responsibility. The financial statements cannot be amended after issue.

	2018	2017
	R	R

20. Going concern

The Company is an insolvency remote special purpose vehicle which was incorporated for the purpose of acquiring loan agreements to be funded by the issuance of Notes in the Capital Markets. The Company currently has a negligible negative Net Asset Value (NAV)position. The cash obligations of the Company are discharged in terms of a waterfall of payments which form part of the transaction documents. The transaction documents provide that all payments to be made to secured creditors (including the noteholders)will be made to the extent permitted by and subject to the priority of payments. Therefore subordination is inherent in the structure. Based on these factors the directors are of the opinion that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. Therefore, the financial statements have been prepared on a going concern basis.

21. Directors' remuneration

The Company's directors' fees of R102,470 (2017: R196,037) are paid to TMF Corporate Services (South Africa) Proprietary Limited for director services provided to the company. Non-executive directors are employees of, and remunerated by, TMF Corporate Services (South Africa) Proprietary Limited on a separate basis. Absa Group Limited representative directors are not remunerated for their services by the Company, or any other company in the group.

Directors' fees paid to TMF Corporate Services (South Africa) Proprietary Limited by other companies within the Group are as follows:

	2018	2017
Commissioner Street No. 1 (RF) Limited	174,127	212,164
Commissioner Street No. 4 (RF) Limited	161,573	197,012
Commissioner Street No. 5 (RF) Limited	77,279	194,766
Commissioner Street No. 6 (RF) Limited	179,529	113,316
Commissioner Street No. 7 (RF) Limited	138,839	170,459
Commissioner Street No. 10 (RF) Limited	146,342	99,750

The directors' fees include an immaterial amount of corporate secretarial fees.