Annexure A

Needs Analysis Framework

1. **Structure**
    a. Entity that will be involved?
    b. Who has decision making capacity?
    c. Degree of discretionary mandate wanted?
    d. What systems and expertise currently exist?
2. **The exposure source?**
    a. Imports
    b. Exports
    c. Loans
    d. Capex
    e. Funding
    f. Source countries
    g. Destination countries
3. **Exposure nature?**
    a. Currencies
    b. Lead times order to shipment
    c. Lead times shipment to delivery
    d. Lead times on payment or receipts
    e. Delays or early payment
    f. Related costs (freight, insurance, duties other third parties)
    g. Split invoices
    h. Risk of cancellation or returns
    i. Can the amounts change
4. **Currency timing**
    a. Will funds flow on a specific day or in tranches during a month?
    b. Is there flexibility to do the purchase or sale of currency?
    c. Are invoice dates fixed or flexible?
    d. Does administration or market rates define timing of forex activity
5. **Currency provider relationships**
    a. Who do you currently work through?
    b. Nature of forex relationships with providers?
    c. Current level of service and support?
    d. Do you hold foreign currency accounts?
    e. Any restrictions on currency accounts held?
6. **Accounting and internal market**
    a. Are there timing requirements for the currency conversion to home currency or vice versa i.e. to occur on a given day or week?
    b. Are there defined accounting rates that need to be achieved?
    c. How are these foreign currency values raised and accounted for at order, shipment, invoice, statement or payment/receipt?
    d. What is the accounting costing policy?
    e. Why is this policy in place?
    f. Is the focus on accounting or marketing drive to product costing
    g. What is the position of competitors in terms of risk to sales and the correlation to foreign currencies
7. **Cash and liquidity**
    a. Some strategies require a credit line with the bank or a cash deposit of between 5% and 10% of the value of the hedge. We would need to understand the availability of cash and the opportunity of getting a credit line.
    b. Other strategies require a premium to be paid in cash up front. We would need to understand the liquidity available for such a strategy to be considered.
    c. When hedging is taken, there may be timing differences, deliverable dates and swaps that can impact when cash amounts flow in relation to the instrument and the funds conversion. We would need to understand the liquidity issues to plan duration and instrument options to remain in line with available liquidity.
8. **Risk profile**
    a. What is the company's risk profile?
    b. What is the Board's understanding of currency risk?
    c. What is the finance departments understanding of currency risk?
    d. What reporting is provided to manage this risk?
    e. What degree of risk is feasible in the light of the above answers?
    f. What are the tolerances of rate movement?
    g. What is the appetite towards risk and hedging?
    h. What forex strategy is currency in use for the various aspects of currency risk?
    i. What is the knowledge level of market and instruments?
    j. How is finance alerted to developing risks due to rate movements?

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