TRANSSEC (RF) LIMITED
(Registration number 2012/209822/06)

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

Prepared by:
A Pretorius (Financial Manager of the Servicer and Administrator)

Supervised by:
L Cardoso (Chief Financial Officer of the Servicer and Administrator)

Issued 21 January 2016

TRANSSEC (RF) LIMITED
Annual Financial Statements
for the year ended 30 September 2015

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TRANSSEC (RF) LIMITED
Company Information
for the year ended 30 September 2015

Company registration number
2012/209822/06

Place of business and Registered office
179 15th Road
Randjespark
Midrand
Johannesburg

Principal bankers
The Standard Bank of South Africa Ltd

Secretary
The secretary of the Company is Mohammed Antuley.

Auditors
Deloitte & Touche
Deloitte Place, The Woodlands
Woodlands Drive
Woodmead, Sandton
Private Bag X6, Gallo Manor, 2052

TRANSSEC (RF) LIMITED
Directors' Responsibility Statement
for the year ended 30 September 2015

The directors are required in terms of the South African Companies Act 71 of 2008 (the "Companies Act") to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the audited annual financial statements fairly present the state of affairs of Transsec (RF) Ltd (the "Company") as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and interpretations issued by the International Financial Reporting Interpretations Committee of the International Accounting Standards Board (collectively "IFRS") and the requirements of the Companies Act. The external auditors are engaged to express an independent opinion on the annual financial statements.

The financial statements are prepared in accordance with IFRS and the requirements of the Companies Act and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Company's cash flow forecast for the year to 30 September 2016 and, in the light of this review and the current financial position, they are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Company's financial statements. The financial statements have been examined by the Company's external auditors and their report is presented on page 6.

The annual financial statements for the year ended 30 September 2015 set out on pages 4 to 40 were approved by the board of directors on 21 January 2016, and are signed on their behalf.

These Annual Financial Statements were signed by Brendan Harmse on 21 January 2016. Copies of the version bearing such signature are available for inspection at the Specified Office of the Company.	These Annual Financial Statements were signed by Lorenzo Cardoso on 21 January 2016. Copies of the version bearing such signature are available for inspection at the Specified Office of the Company.

B Harmse

L Cardoso

TRANSSEC (RF) LIMITED
Audit Committee Report
for the year ended 30 September 2015

The audit committee presents its report for the financial year ended 30 September 2015.

Purpose of the audit committee

The main purpose of the audit committee is to assist the board in discharging its duties relating to the safeguarding of assets, accounting systems and practices, the integrity of internal financial control processes and the preparation of accurate financial reporting and statements in compliance with all legal requirements and accounting standards.

Membership and attendance

The audit committee, appointed by the board in respect of the year ended 30 September 2015, comprised Rishendrie Thanthony (chairman), Jack Trevena and Brendan Harmse (alternate Willem Swanepoel) who are independent non-executive directors of the Company. The committee meets at least twice per annum.

Functions of the audit committee

- Reviewing and approving the Company external audit plan including the proposed audit scope, approach to Company risk activities and the audit fee;
- Confirming the independence of the auditors Deloitte & Touche;
- Reviewing external audit reports;
- Assessing the nature and extent of non-audit services;
- Reviewing the accounting policies adopted by the Company and all proposed changes in accounting policies and practices;
- Reviewing the annual financial statements to confirm the financial statements are prepared in accordance with International Financial Reporting Standards, the Companies Act of South Africa (Act 71 of 2008, as amended) and the Listing Requirements of the JSE Limited;
- Reviewing the Company compliance plan and assessing the procedures for identifying the regulatory risks; and
- Reviewing the legal matters that could have a significant impact on the Company's financial statements.

Attendance by auditors and executive directors

The external auditors are advised of all meetings of the audit committee. The executive directors of Transsec (RF) Ltd also attended meetings by invitation.

Independence of external auditor

The audit committee has satisfied itself that the auditors are independent of the Company.

Internal financial controls, accounting practices and Company annual financial statements

Based on the work of the Company's assurance providers, nothing has come to the attention of the committee which indicates that the Company's system of internal financial controls and accounting practices, in all material respects, does not provide a basis for reliable annual financial statements.

The committee is satisfied that the Company annual financial statements are in compliance, in all material respects, with the requirements of the Companies Act and International Financial Reporting Standards, and recommended the financial statements for approval by the board.

The report of the audit committee was signed by Rishendrie Thanthony on 21 January 2016. Copies of the version bearing such signature are available for inspection at the Specified Office of the Company.

Rishendrie Thanthony
Chairman: Audit Committee
21 January 2016

TRANSSEC (RF) LIMITED
Directors' Report
for the year ended 30 September 2015

Nature of business

Transsec (RF) Ltd is a registered credit provider managed by SA Taxi Development Finance Proprietary Ltd. The ultimate holding company is Transsec Issuer Owner Trust. The SA Taxi Finance group provides finance and related services to the taxi industry in South Africa.

Financial results

The results of the Company are set out in the annual financial statements. The Company's profits are attributable to its trading activities.

Directorate

LP Cardoso
B Harmse
JE Trevena
R Thanthony
WH Swanepoel (alternate to B Harmse)

Secretary

MS Antuley

Authorised and issued share capital

There were no changes to authorised or issued share capital during the year.

Events subsequent to reporting date

No significant events occurred subsequent to the reporting date for the Company that require adjustment to the annual financial statements. Subsequent to year end, Transsec (RF) Ltd is now in an amortisation position.

Auditors

Deloitte & Touche will continue in office in accordance with section 90 of the Companies Act.

Company secretary's certification

In terms of section 88(2)(e) of the Companies Act, 71 of 2008 (as amended), I certify that, to the best of my knowledge and belief, Transsec (RF) Limited has lodged with the Commissioner all such returns and notices as are required by the Companies Act, 71 of 2008 (as amended), and that all such returns and notices are true, correct and up to date.

The certificate from the company secretary was signed by Mohammed Antuley on 21 January 2016. Copies of the version bearing such signature are available for inspection at the Specified Office of the Company.

MS Antuley
Company Secretary
Midrand
21 January 2016

Deloitte.

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Gallo Manor 2052
South Africa

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TRANSSEC (RF) LIMITED

We have audited the financial statements of Transsec (RF) Limited set out on pages 7 to 40, which comprise the statement of financial position as at 30 September 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Transsec (RF) Limited as at 30 September 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act
As part of our audit of the financial statements for the year ended 30 September 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Ryan Duffy
Partner
22 January 2016

Transsec (RF) Limited
Statement of Financial Position
at 30 September 2015

	Note	2015 R'000	2014 R'000
Assets			
Cash and cash equivalents	4	65 066	35 456
Loans to group companies	18	3 831	6 568
Trade and other receivables	5	4 396	1 074
Loans and advances	6	1 211 240	736 000
Deferred tax assets	7	10 045	1 082
Total assets		1 294 578	780 180
Liabilities			
Loans from group companies	18	169 461	97 486
Tax payables	17	2 205	437
Trade and other payables	8	12 670	5 510
Interest bearing liabilities	9	1 087 641	665 000
Total liabilities		1 271 977	768 433
Equity			
Ordinary and preference share capital	10	-	-
Retained earnings		22 601	11 747
Total equity attributable to owners of the parent		22 601	11 747
Total equity and liabilities		1 294 578	780 180

Transsec (RF) Limited
Statement of Comprehensive Income
for the year ended 30 September 2015

	Note	2015 R'000	2014 R'000
Interest and other similar income	11	234 658	57 012
Interest and other similar expense	11	(98 341)	(22 016)
Net interest income	11	136 317	34 996
Impairment of loans and advances	12	(38 104)	(6 099)
Risk adjusted net interest income		98 213	28 897
Non-interest revenue	13	2 029	461
Indirect costs	14	(68 840)	(13 042)
Profit before tax		31 402	16 316
Income tax expense	15	(8 793)	(4 569)
Profit for the year		22 609	11 747
Other comprehensive income		-	-
Total comprehensive income for the year		22 609	11 747

Transsec (RF) Limited
Statement of Changes in Equity
for the year ended 30 September 2015

	Number of ordinary shares	Number of preference shares	Share capital R'000	Retained earnings R'000	Owners of the parent R'000
Balance at 30 September 2013	**-**		**-**	**-**	**-**
Issue of shares	100	23	-	-	-
Profit for the year			-	11 747	11 747
Other comprehensive income	-	-	-	-	-
Balance at 30 September 2014	**100**	**23**	**-**	**11 747**	**11 747**
IFRS 9 transitional adjustments	**-**	**-**	**-**	(11 755)	(11 755)
Revised balance at 30 September 2014	**100**	**23**	**-**	**(8)**	**(8)**
Total comprehensive income	**-**	**-**	**-**	**22 609**	**22 609**
Profit for the year	**-**	**-**	**-**	**22 609**	**22 609**
Total comprehensive income	-	-	-	-	-
Balance at 30 September 2015	**100**	**23**	**-**	**22 601**	**22 601**
Note	10		10		

Transsec (RF) Limited
Statement of Cash Flows
for the year ended 30 September 2015

	Note	2015 R'000	2014 R'000
Cash flow from operating activities			
Cash generated (utilised) by operations	16	58 368	22 225
Income taxes paid	17	(11 417)	(5 214)
Cash flow from operating activities before changes in operating assets and liabilities		46 951	17 011
Movement in operating assets and liabilities		(518 450)	(741 909)
Increase in gross loans and advances		(518 450)	(741 909)
Change in working capital		3 756	4 436
(Decrease) Increase in trade and other receivables		(3 322)	(1 074)
Increase in trade and other payables		7 078	5 510
Net cash generated (utilised) by operating activities		(467 743)	(720 462)
Cash flow from investing activities			
Net proceeds from loans to group companies		2 737	(6 568)
Net cash generated (utilised) by investing activities		2 737	(6 568)
Cash flow from financing activities			
Repayment of interest bearing liabilities		(105 359)	-
Proceeds from raising interest bearing liabilities		528 000	665 000
Net proceeds from loans from group companies		71 975	97 486
Net cash raised (repaid) by financing activities		494 616	762 486
Net increase (decrease) in cash and cash equivalents		29 610	35 456
Cash and cash equivalents at beginning of the year	4	35 456	-
Cash and cash equivalents at end of year	4	65 066	35 456

		2015	2014
	The Companyös operations	R'000	R'000
4	**Cash and cash equivalents**		
	Bank balances	65 066	35 456
	Total cash and cash equivalents *	65 066	35 456

** Ceded as part security for amortising securitisation notes and loans as shown in note 9.*

5	**Trade and other receivables**		
	Prepayments	-	2 289
	Trade receivables (due from related parties)	1 204	526
	VAT refund	3 192	393
	Trade and other receivables	4 396	1 074

The carrying value of trade and other receivables approximates fair value, and represents the maximum exposure to credit losses.

No impairment allowance was raised in 2015 (2014: Rnil).

6	**Potpale Investments (RF) (Pty) Ltd**		
	Gross loans and advances (note 6.1)	1 258 486	741 909
	Impairment provision (note 6.2)	(47 246)	(5 909)
	Loans and advances *	1 211 240	736 000

Loans and advances are ceded as part security for amortising securitising notes and loans as shown in note 9.

** Included in this balance is repossessed stock valued at R8 million (consisting of premium level vehicles only) (2014: R1.5 million consisting of premium level vehicles only), as well as entry level vehicles valued at R2.7 million. These entry level vehicles were previously carried at R6.2 million with a provision of R178k under the amortised cost model.*

		2015 R'000	2014 R'000
6	**The Company's**		
6.1	**Finance leases**		
	Maturity analysis of gross finance leases including unearned finance charges		
	Amounts up to 1 year	443 478	317 151
	Amounts between one and five years	1 412 593	820 450
	Amounts in excess of five years	13 094	1 510
	Gross finance leases including unearned finance charges	1 869 165	1 139 111
	Unearned finance charges	(610 679)	(397 202)
	Gross finance leases	1 258 486	741 909
	Impairment provision	(47 246)	(5 909)
	Net finance leases	1 211 240	2 289
			13 071
	Maturity analysis of gross finance leases		
	Amounts up to 1 year	296 393	148 989
	Amounts between one and five years	955 058	591 610
	Amounts in excess of five years	7 035	1 310
		1 258 486	741 909
	Weighted average remaining term of lease	51.3	58.5
	Weighted actual term of lease at inception	67.2	67.6
6.2	**Impairment provision**		
	Balance at the beginning of the year	(5 909)	-
	IFRS 9 transitional adjustments	(14 253)	-
	Transition to expected loss model	(14 431)	-
	Impact of classification of entry level vehicles at fair value through profit and loss	178	-
	Revised opening balance	(20 162)	-
	Gross impairments recognised in profit and loss	(38 104)	(6 099)
	Net impairments recognised in profit and loss (note 12)	(38 104)	(6 099)
	Recoveries of amounts previously written off (note 12)	-	-
	Fair value adjustment	(118)	
	Utilisation of impairment provision (note 12)	11 138	190
		(47 246)	(5 909)

The following factors were considered in determining the amount of the impairment: the recency of payment by debtors; contractual delinquency; achievable resale values on underlying security; the probability of loss; and the 12 month rolling historical loss-given-write-off.

		2015 R'000	2014 R'000
6.3	**Related credit risk exposure and enhancements**		
	Maximum exposure to credit losses of loans and advances	1 211 240	736 000
	Credit risk exposure is mitigated through vehicles held as collateral. The aggregate achievable resale value less costs to sell of collateral held is:	1 207 716	674 631
	Related specifically to:		
	Impaired financial assets	43 804	67 781
	Financial assets past due but not specifically impaired	352 880	118 670
	Financial assets neither past due nor impaired	811 032	488 180

The Company is not permitted to sell or encumber the vehicles securing the lease agreements unless they have been reacquired under the finance agreements.

7 The Company's operations

	2015 R'000	2014 R'000
The movements during the year are analysed as follows:		
Deferred tax at the beginning of the year	1 082	-
Credit (charge) to profit or loss for the year (note 15)	4 392	1 082
IFRS 9 transitional adjustment	4 571	-
Deferred tax asset at the end of the year	10 045	1 082

Category of deferred tax	**Opening Balance R'000**	**IFRS 9 Transitional Adjustment R'000**	**Charged to income R'000**	**Closing Balance R'000**
2015				
Trade and other payables	-	23	(23)	-
Prepayments	(43)	-	43	-
Loans and advances	1 125	4 548	4 372	10 045
	1 082	4 571	4 392	10 045
2014				
Prepayments	-	-	(43)	(43)
Loans and advances	-	-	1 125	1 125
	-	-	1 082	1 082

8 Trade and other payables

	2015 R'000	2014 R'000
Trade payables and accruals	8 517	3 322
Other	4 153	2 188
	12 670	5 510

The carrying value of trade and other payables approximates fair value.

9 Interest bearing liabilities

			2015	2014
Potpale Investments (RF) (Pty) Ltd				
Senior	Floating	Prime plus 125 to 560 bp	986 851	609 000
Mezzanine	Floating	Prime plus 650 to 895 bp	100 790	56 000
			1 087 641	665 000
Payable within 12 months			256 996	-
Payable thereafter			830 645	665 000
			1 087 641	665 000

For an analysis of contractual maturity and liquidity risk, refer to note 19.3.

The Company is not in breach or default of any provisions of the terms or conditions of the agreements governing borrowings. These borrowings are secured by cession over finance leases and cash, refer to note 6 and 4, respectively.

10 Ordinary and preference share capital

	2015	2014
*Authorised **		
100 ordinary shares	-	-
23 redeemable preference shares	-	-
	-	-
*Issued **		
100 ordinary shares	-	-
23 redeemable preference shares	-	-
	-	-

** Rounds to less than R1,000*

Transsec (RF) Limited
Notes to the annual financial statements
for the year ended 30 September 2015

	2015 R'000	2014 R'000
11 The Company's operations		
Interest and other similar income is earned from:		
Cash and cash equivalents	5 629	526
Loans and advances	229 014	56 486
Other	15	-
Interest and other similar income	234 658	57 012
	1 131	2 289
Interest and other similar expenses are paid on:	(722)	13 071
Interest bearing liabilities	74 445	17 193
Intergroup interest	23 896	4 823
Interest and other similar expense	98 341	22 016
Interest and other similar income	234 658	57 012
Interest and other similar expense	(98 341)	(22 016)
Net interest income	136 317	34 996
12 Impairment of loans and advances		
Impairment comprises:		
Movement in provision for impairments of loans and advances	27 084	5 909
Fair value movement of entry level vehicles	(118)	-
Bad debts written off	11 138	190
Total impairment (refer to note 6.4)	38 104	6 099
13 Non-interest revenue		
Non interest revenue comprises:		
Fee income	2 029	461
Potpale Investments (RF) (Pty) Ltd	105	31
Service fees	1 924	430
	2 029	461
14 Indirect costs		
Indirect costs comprise:		
Professional fees	16	3
Input VAT not recoverable	5 554	1 415
Consulting fees	673	74
Listing Costs	275	9
Management fees	61 931	11 432
Director Emoluments - Non executive	124	34
Rewards Program	257	1
Other indirect expenses	10	74
	68 840	13 042

	2015 R'000	2014 R'000
15 The Company's operations		
South African normal taxation:		
Current taxation	13 185	5 651
Current year	13 185	5 651
Prior years	-	-
Deferred taxation	(4 392)	(1 082)
Current year	(4 392)	(1 082)
Prior years	-	-
	8 793	4 569
Tax rate reconciliation		
South African tax rate	28.0%	28.0%
Effective tax rate	28.0%	28.0%

16 Cash generated (utilised) by operations

	2015 R'000	2014 R'000
Profit before taxation	31 402	16 316
Adjusted for:		
Fair value adjustment	(118)	-
Movement in provision for impairment of loans and advances	27 084	5 909
Cash (utilised) generated by operations	58 368	22 225

17 Income taxes received or paid

	2015 R'000	2014 R'000
Amounts (receivable) payable at beginning of year	437	-
Current tax charge to profit or loss	13 185	5 651
Amounts receivable (payable) at end of year	(2 205)	(437)
Income taxes paid	11 417	5 214

		2015 R'000	2014 R'000
18 The Company's operations expose it to a number of			
The ultimate holding company is Transsec Issuer Owner Trust			
The preference shareholder is SA Taxi Finance Holdings (Pty) Ltd			
A listing of the Company's directors can be found in the directors' report.			
The ordinary shares of the company are held by SA Taxi Warehouse SPV Owner's Trust.			
			2 289
The following amounts were paid to related parties:	**Relationship**		13 071
Indirect costs			
SA Taxi Development Finance (Pty) Ltd - management fees	Fellow subsidiary**	45 475	11 432
Taximart (Pty) Ltd - management fees	Fellow subsidiary**	16 456	-
MBD Credit Solutions (Pty) Ltd - consulting	Fellow subsidiary**	438	75
Interest expense			
SA Taxi Finance Holdings (Pty) Ltd	Holding company	21 313	4 745
Transaction Capital Limited	Ultimate Holding Company	2 583	78
The following are the amounts due from (to) related parties			
Trade Receivables			
Taximart (Pty) Ltd	Fellow subsidiary**	1 204	526
Trade Payables			
Transaction Capital Limited	Ultimate Holding Company	116	106
MBD Credit Solutions (Pty) Ltd	Fellow subsidiary**	42	-
SA Taxi Development Finance (Pty) Ltd	Fellow subsidiary**	7 752	2 940
Taximart (Pty) Ltd	Fellow subsidiary**	-	526
Potpale Investments (RF) (Pty) Ltd	Fellow subsidiary**	583	242
SA Taxi Securitisation (Pty) Ltd	Fellow subsidiary**	9	-
Interest Bearing Debt			
Transaction Capital Limited holds R32m (2014: R32m) Class B interest bearing notes, linked to prime plus 195bp, in Transsec (RF) Ltd. This amount is reflected as part of Interest Bearing Borrowings (note 9).		(32 000)	(32 000)
Group loans *			
SA Taxi Finance Holdings (Pty) Ltd - this loan is interest bearing at a rate linked to prime.	Preference shareholder	(169 460)	(86 902)
SA Taxi Development Finance (Pty) Ltd	Fellow subsidiary**	(1)	286
TaxiMart (Pty) Ltd	Fellow subsidiary**	2 952	19
SA Taxi Finance Solutions (Pty) Ltd	Fellow subsidiary**	-	1 165
SA Taxi Protect (Pty) Ltd (formerly SA Taxi Risk Management Services (Pty) Ltd)	Fellow subsidiary**	506	(1 755)
SA Taxi Securitsation (Pty) Ltd	Fellow subsidiary**	-	4 750
Potpale Investments (Pty) Ltd	Fellow subsidiary**	373	(8 829)
Keywood Investments (Pty) Ltd	Fellow subsidiary**	-	349
		(165 630)	(90 918)
Total loans due to related parties		(169 461)	(97 486)
Total loans due from related parties		3 831	6 568

* Except where otherwise stated, all group loans are non-interest bearing and repayable on demand.

** Viewed as a fellow subsidiary as a result of the application of accounting standards/policies

Directors fees

		2015 R'000	2014 R'000
Directors fees are paid to the TMF trust for the fiduciary services rendered by B Harmse (alternative director: WH Swanepoel), JE Trevena and R Thanthony in aggregate as directors.		124	34

No remuneration is paid to LP Cardoso by Transsec (RF) Limited for services rendered as a director. Transsec (RF) Limited does not form part of the statutory SA Taxi group of companies, and as such, remuneration received by LP Cardoso for services rendered to other companies within the SA Taxi Group has not been provided.

TRANSSEC (RF) LIMITED
Notes to the annual financial statements
for the year ended 30 September 2015

19 Financial risk management

The Company's operations expose it to a number of financial risks, including: market risk (interest rate risk); credit risk; and liquidity risk. A risk management programme has been established to protect the Company against the potential adverse effects of these financial risks.

The board is responsible for risk management and the setting of the risk management framework. Oversight of risk management is the responsibility of three Transaction Capital Limited ("Transaction Capital") board subcommittees; the assets and liabilities committee (ALCO), the risk and compliance committee and the audit committee. The ALCO monitors risks associated with liquidity and funding, interest rates, counterparties, currency exposures and capital adequacy. The audit committee monitors risks associated with financial reporting, accounting policies, internal control and IT governance. The risk and compliance committee is responsible for risk management including setting the risk management framework, setting risk appetite and monitoring the Company's management of risk, including credit and compliance. The management of Transsec (RF) Limited is outsourced to SA Taxi Development Finance (Pty) Ltd.

The responsibility for day to day management of risks rest with the chief executive officer of the SA Taxi Finance group and his executive committee. Risk management is managed by the executive committee and reviewed by each member of the board. Transaction Capital group oversight is the responsibility of the Transaction Capital group's chief financial officer.

19.1 Credit risk

Credit risk is the risk of loss arising from the failure of a client or counterparty to discharge an obligation to the Company. The primary credit risk that the Company is exposed to arises from finance leases to minibus taxi operators and trade receivables. It is not the Company's strategy to avoid credit risk, but rather to manage credit risk within the Company's risk appetite and to earn an appropriate risk adjusted return.

The Company limits its counterparty exposure arising from money market instruments by dealing only with well established financial institutions of high credit standing.

Credit risk management and measurement

The Company is responsible for the identification, measurement, management, control and reporting of credit risk within their business units. Exposure to credit losses is managed by assessing customer's affordability and their ability to repay loans and advances, customers risk profile and earnings potential. Impairments are monitored and provided for using statistical techniques including experiential and behavioural models. These models are based on customers' financial performance information while on book and assume that recent performance is a strong indicator of future performance. In the case of key asset classes, independent models are developed to monitor the robustness of the primary models relative to actual performance and to optimise their effectiveness. Models are either developed internally or by expert external advisors. The realisable/fair value of the underlying security is taken into consideration in arriving at a final impairment.

The credit committee is responsible for providing executive management and oversight for all credit risk arising within and impacting on the Company's balance sheet. These meetings are attended by the SA Taxi Finance group's chief executive officer, chief financial officer and chief risk officer, as well as the Transaction Capital group chief financial officer.

The credit policy is designed to ensure that the Company's credit process is efficient for the applicant while providing the Company with the necessary details to make informed credit decisions. The Company applies the following approach to credit advancement:

- Vehicle type;
- Validity of the taxi route;
- Client's ability to pay using a route calculator (affordability check); and
- Verification of details and credit history against two independent credit bureaus.

The expected loss model is developed using statistical techniques based on actual historical data. The expected loss is calculated for each active account, using parameter estimates including the probability of default ('PD'), EAD ('exposure at default') and loss given write off's ('LGW's') segmented using CD state (aging and recency) as well as remaining term. The segmentation ensures homogenous risk buckets. The LGW is calculated on an explicit basis per account, taking into consideration the settlement balance, market value, repair cost, discount rates and discount periods. We have performed a detailed statistical analysis on a multitude of macro-economic factors, namely Prime Rate, Unemployment Rate, Petrol Price, USD/ZAR Exchange Rate, GDP and CPI. Regression analysis shows that the economic factors do not add explanatory information to the model, and hence they are not included. We have incorporated a forward-looking forecast for the mechanical repair costs as these have shown consistent trends over time.

We have identified the 30-days past due as an indication of significant increase in credit risk and defined default as 90 days past due, with no qualifying payment received in the past 3 months. A qualifying payment is more than 50% of the instalment raised. We have rebutted the 90-day presumption based on a quantitative analysis of the PDs and alignment to operational collection processes.

Our definition of credit-impaired financial assets aligns to the default definition described above. Applying this approach ensures consistency between our accounting application, impairment modelling and internal credit risk management practices.

Write-off of an asset occurs at the point of sale of the vehicle, following repossession.

Quantitative analysis has proven that our modifications do not exhibit significantly higher risk than non-modified accounts. The value of these modified accounts is immaterial, relative to the book size. Modifications (term-extensions) are provided to clients who have shown proven payment performance and have had operational issues with the vehicle (e.g. mechanical breakdown or accident). Although the term of a contract can be extended, the interest rate applicable for the contract remains unchanged and therefore term extensions do not have any effect on the discounted cash flows of the financial asset. Due to the fact that a vehicle is an income producing asset, we understand that the client is unable to pay if the vehicle is out of operation, however we do not proactively restructure distressed clients.

19 Financial risk management (continued)

19.1 Credit risk (continued)

Valuation of collateral

The Company typically holds vehicles (taxis), as collateral against secured advances. Any security taken as part of the credit decision is valued according to the applicable credit policies at the time of credit approval and at regular intervals thereafter. The market value of collateral over the secured debt is calculated with reference to the selling prices achieved in the active second hand taxi market minus costs to repair, which has been created by the Company through the SA Taxi Finance group subsidiary Taximart (Pty) Ltd.

The carrying values of each vehicle in possession has been tested for impairment against current valuations. Impairments are as a result of an analysis of market related valuations prepared for each vehicle.

19.1.1 Financial assets subject to risk

For the purposes of Company disclosure regarding credit quality, the maximum exposure to credit risk of financial assets at the financial year end is the carrying amount of each asset, and is analysed further as follows:

	Loans and advances R'000	Trade & other receivables R'000	Other financial assets R'000	Total R'000
2015				
Neither past due nor impaired	805 021	1 204	68 897	875 122
Past due but not impaired	391 938	-	-	391 938
Impaired	61 527	-	-	61 527
Impairment provision	(47 246)	13 071	-	(34 175)
Carrying value of financial assets	**1 211 240**	**14 275**	**68 897**	**1 294 412**

	Loans and advances R'000	Trade & other receivables R'000	Other financial assets R'000	Total R'000
2014				
Neither past due nor impaired	523 803	526	42 024	563 353
Past due but not impaired	137 036	-	-	137 036
Impaired	81 070	-	-	81 070
Impairment provision	(5 909)	-	-	(5 909)
Carrying value of financial assets	**736 000**	**526**	**42 024**	**778 550**

19 Financial risk management (continued)

19.1.2 Financial assets that are past due but not impaired

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

	Past due up to 1 month R'000	Past due up to 1 - 2 months R'000	Past due up to 2 - 3 months R'000	Past due up to 3 - 4 months R'000	Past due older than 4 months R'000	Total R'000
2015						
Loans and advances	181 565	82 943	41 981	34 971	50 478	391 938
Trade & other receivables	-	-	-	-	-	-
Financial assets that are past due but not Impaired	181 565	1 131	2 289	34 971	50 478	391 938
		(722)	13 071			16 292
2014						
Loans and advances	84 857	33 638	11 333	5 851	1 357	137 036
Trade & other receivables	-	-	-	-	-	-
Financial assets that are past due but not Impaired	84 857	33 638	11 333	5 851	1 357	137 036

19.1.3 Loans and advances that are neither past due nor impaired

	2015 R'000	2014 R'000
Carrying amount of loans and advances	805 022	523 803
Credit quality	805 022	523 803
High	674 888	387 714
Medium	108 535	35 324
Low	21 599	100 765

SA Taxi Finance Holdings Proprietary Limited, in conjunction with TransUnion, has developed a bespoke application scorecard to assess credit quality when granting loans. The scorecard uses demographic, vehicle, route and credit bureau information to determine the risk of the deal. A detailed affordability assessment is also performed to migrate risk.

19 Financial risk management (continued)

19.1.4 Impairment provision reconciliation

	12 month expected credit losses	Lifetime expected credit losses	Credit impaired financial assets	TOTAL
	R'000	R'000	R'000	R'000
2015				
Opening balance under IAS 39	1 690	2 335	1 884	5 909
Transition to expected loss model	3 139	9 264	2 028	14 431
Impact of classification of entry level vehicles at fair value through profit or loss	(7)	(102)	(69)	(178)
Revised opening balance under IFRS 9	4 822	11 497	3 843	20 162
Originations	1 131	2 289	855	4 275
Existing book movements	(722)	13 071	16 292	28 641
Write - off's	(90)	(3 386)	(2 179)	(5 655)
Settlements in the normal course of business	(36)	(30)	(111)	(177)
Closing balance - 30 September 2015	**5 105**	**23 441**	**18 700**	**47 246**

19.1.5 Credit risk exposure

Regarding credit quality, the maximum exposure to credit risk of loans and advances at the financial year end is analysed further as follows:

	12 month expected credit losses	Lifetime expected credit losses	Credit impaired financial assets	TOTAL
	R'000	R'000	R'000	R'000
2015				
Neither past due nor impaired	801 660	3 361	0	805 021
Past due but not impaired	144 164	247 774	0	391 938
Impaired	0	0	61 527	61 527
Impairment provision	(5 105)	(23 441)	(18 700)	(47 246)
Carrying value of loans and advances	**940 719**	**227 694**	**42 827**	**1 211 240**

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19 Financial risk management (continued)

19.2 Interest rate risk (continued)
The table below summarises the exposure to interest rate risk through grouping assets and liabilities into repricing categories, determined to be the earlier of contractual repricing date or maturity.

19.2.1 Risk profile of interest bearing liabilities and assets

2015	Up to 1 month R'000	1 to 3 months R'000	4 to 12 months R'000	Beyond 12 months R'000	Non interest sensitive items R'000	Total R'000
Assets						
Cash and cash equivalents	65 066	-	-	-		65 066
Trade and other receivables	-	-	-	-	4 396	4 396
Loans and advances	1 201 834	1 131	2 289		9 406	1 211 240
Loans to group companies	-	(722)	13 071	-	3 831	16 292
Total assets	1 266 900	409	15 360	-	17 633	1 296 994
Liabilities						
Trade and other payables	-	-	-	-	12 670	12 670
Interest bearing liabilities	1 087 641	-	-	-	-	1 087 641
Loans from group companies	169 460	-	-	-	1	169 461
Total liabilities	1 257 101	-	-	-	12 671	1 269 772
On balance sheet interest sensitivity	**9 799**	**409**	**15 360**	**-**	**4 962**	**27 222**

2014	Up to 1 month R'000	1 to 3 months R'000	4 to 12 months R'000	Beyond 12 months R'000	Non interest sensitive items R'000	Total R'000
Assets						
Cash and cash equivalents	35 456	-	-	-		35 456
Trade and other receivables	-	-	-	-	1 074	1 074
Loans and advances	730 957	-	-	-	5 043	736 000
Loans to group companies	-	-	-	-	6 568	6 568
Total assets	766 413	-	-	-	12 685	779 098
Liabilities						
Bank overdrafts						
Trade and other payables	-	-	-	-	5 510	5 510
Potpale Investments (RF) (Pty) Ltd	665 000	-	-	-	-	665 000
Loans from group companies	86 902	-	-	-	10 584	97 486
Total liabilities	751 902	-	-	-	16 094	767 996
On balance sheet interest sensitivity	**14 511**	**-**	**-**	**-**	**(3 409)**	**11 102**

19 Financial risk management (continued)

19.3 Liquidity risk management

Liquidity risk is the risk that the Company is unable to meet payment obligations when they fall due or that insufficient funds are available to meet loan demands in the ordinary course of business. The Company ǿs objectives in relation to liquidity risk management are to manage the contractual mismatch between cash inflows from assets and cash outflows to settle liabilities, and to honour all cash outflow commitments.

The monitoring and reporting of liquidity risk takes the form of, as a minimum, cash flow projections to settlement of longest dated funding obligations by subsidiary or securitisation vehicle, an analysis of the Company 's borrowing facilities and utilisation thereof, maturity profile and concentration of liability by counterparty, asset maturities and borrowing facility obligations and special conditions.

It is the board's responsibility to ensure the management of daily cash flow requirements, to ensure funding covenants are maintained, to produce financial projections to monitor the impact of business trends on future funding requirements and covenants and to notify the Debt Capital Market's (hereafter "DCM") team of any changes to the business environment that may impact funding requirements.

Prudent liquidity risk management implies maintaining sufficient cash and undrawn facilities and the availability of funding through adequate committed credit facilities. Management monitors rolling forecasts of the Company ǿs liquidity headroom on the basis of expected cash flows and the resultant net borrowing position compared to available credit facilities. This process is performed during each financial year end for five years forward in term of the Company ǿs long term planning process.

The table below analyses financial liabilities at the reporting date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

2015	On demand R'000	Within 1 year R'000	From 1 - 5 years R'000	More than 5 years R'000	Total R'000
Liabilities					
Trade and other payables	-	12 670	-	-	12 670
Interest bearing liabilities	-	355 189	1 068 139	-	1 423 328
Loans from group companies	169 461	-	-	-	169 461
Total Liabilities	**169 461**	**367 859**	**1 068 139**	**-**	**1 605 459**

2014	On demand R'000	Within 1 year R'000	From 1 - 5 years R'000	More than 5 years R'000	Total R'000
Liabilities					
Trade and other payables	-	5 510	-	-	5 510
Interest bearing liabilities	-	55 659	854 397	-	910 056
Loans from group companies	97 486	-	-	-	97 486
Total Liabilities	**97 486**	**61 169**	**854 397**	**-**	**1 013 052**

19.4 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so as to provide superior returns for shareholders and other stakeholders, by pricing products and services commensurate with the level of risk. Transaction Capital group oversight is achieved through the ALCO.

The Company defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid up capital, share premium, revenue and other reserves together with loans from shareholders.

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

19 Financial risk management (continued)

19.5 Currency risk

Currency risk is the possibility of incurring a financial loss as a consequence of the depreciation in the measurement currency relative to a foreign currency prior to payment of a commitment in that foreign currency or the strengthening of the measurement currency prior to receiving payment in a foreign currency.

The Company has no significant exposure to foreign currency risk.

19.6 **Sensitivity analysis**

The Company's exposures to various financial risks are set out below:

The sensitivity analysis is prepared based on financial instruments that are recognised at the end of the reporting period. This is the case even where those exposures did not exist for the entire period or where the exposure changed materially during the period. The sensitivity that is applied is the amount that could reasonably be expected to occur, and has been determined as 100 basis points up and down.

Interest rate risk	**Effect on profit before tax of 1% increase in rates**	**Total carrying value of asset class**	**Fair value**
	R'000	**R'000**	**R'000**
30 September 2015			
Assets			
Loans and advances	12 018	1 211 240	1 208 301
Trade and other receivables	-	4 396	4 396
Cash and cash equivalents	651	65 066	65 066
Loans to group companies	-	3 831	3 831
	12 669	1 284 533	1 281 594
Liabilities			
Interest bearing borrowings	10 876	1 087 641	1 073 754
- Fixed rate borrowings	-	-	-
- Floating rate borrowings	10 876	1 087 641	1 073 754
Trade and other payables	-	12 670	12 670
Loans from group companies	1 695	169 460	169 460
	12 571	1 269 771	1 255 884
Net exposure	98	14 762	25 710
30 September 2014			
Assets			
Loans and advances	7 310	736 000	747 318
Trade and other receivables	-	1 074	1 074
Cash and cash equivalents	355	35 456	35 456
Loans to group companies	-	6 568	6 568
Potpale Investments (RF) (Pty) Ltd	7 665	779 098	790 416
Liabilities			
Interest bearing borrowings	6 650	665 000	659 703
- Fixed rate borrowings	-	-	
- Floating rate borrowings	6 650	665 000	659 703
Trade and other payables	-	5 510	5 510
Loans from group companies	869	97 486	97 486
	7 519	767 996	762 699
Net exposure	146	11 102	27 717

The effect of a 1% change in interest rates is shown above. As the Company has no control over rate movements, it cannot predict the effect of future rate movements, if any.

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20 Categorisation of financial instruments and associated gains (losses)

Statement of Financial Position

2015

	At fair value through profit and loss	At fair value through other comprehensive income	Financial assets carried at amortised cost	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Total
Assets						
Loans to group companies	-	-	3 831	-	-	3 831
Cash and cash equivalents			65 066		-	65 066
Trade and other receivables	-	-	4 396	-	-	4 396
Loans and advances	2 744	-	1 200 774	-	7 722	1 211 240
Deferred tax assets	1 131	-	-	-	10 045	13 465
Total Assets	(722)	-	1 274 067	-	17 767	16 292
Equity and liabilities						
Liabilities						
Loans from group companies	-	-	-	169 461	-	169 461
Tax payables	-	-	-	-	2 205	2 205
Trade and other payables	-	-	-	12 670	-	12 670
Interest bearing liabilities	-	-	-	1 087 641	-	1 087 641
Total Liabilities	-	-	-	1 269 772	2 205	1 271 977
Total equity attributable to owners of the parent						22 601
Total equity and liabilities						1 294 578

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20 Categorisation of financial instruments and associated gains (losses)

Statement of Financial Position

2014

	Loans and receivables	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Total
Assets				
Loans to group companies	6 568			6 568
Cash and cash equivalents	35 456	-	-	35 456
Current tax receivable	-	-	-	-
Trade and other receivables	526	-	548	1 074
Loans and advances	1 131	-	1 497	736 000
Deferred tax assets	(722)	-	1 082	1 082
Total Assets	777 053	-	3 127	780 180
Equity and liabilities				
Liabilities				
Loans from group companies	-	97 486	-	97 486
Tax payables	-	-	437	437
Trade and other payables	-	5 510	-	5 510
Interest bearing liabilities	-	665 000	-	665 000
Total Liabilities	-	767 996	437	768 433
Total equity attributable to owners of the parent				11 747
Total equity and liabilities				780 180

20 Categorisation of financial instruments and associated gains (losses) (continued)

Statement of comprehensive income categories

2015

	At fair value through profit and loss	At fair value through other comprehensive income	Financial assets carried at amortised cost	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Total
Profit and loss						
Interest income	889	-	233 769	-	-	234 658
Interest expense	-	-		(98 341)	-	(98 341)
Loan fee income arising from financial assets measured at amortised cost or financial liabilities that are not at fair value through profit or loss	-	-	2 029	-	-	2 029
Net impairments on loans and advances	1 131	-	(38 104)	-	-	(38 104)
	(722)					
	1 298	-	197 694	(98 341)	-	100 242

2014

	Loans and receivables	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Total
Profit and loss				
Interest income	57 012	-	-	57 012
Interest expense	-	(22 016)	-	(22 016)
Loan fee income arising from financial assets measured at amortised cost or financial liabilities that are not at fair value through profit or loss	461	-	-	461
Loan fee expense arising from financial assets measured at amortised cost or financial liabilities that are not at fair value through profit or loss	-	-	-	-
Dividend income	-	-	-	-
Net impairments on loans and advances	(6 099)	-	-	(6 099)
	51 374	(22 016)	-	29 358

21 Fair value level disclosures

	2015 R'000	2014 R'000
Level 3		
Loans and advances - entry level vehicles	2 744	-

	2015		2014	
	Fair value through profit and loss* R'000	TOTAL R'000	Fair value through profit and loss R'000	TOTAL R'000
Reconciliation of Level 3 Fair Value Measurements of Financial Assets				
Opening Balance	4 349	4 349	-	-
Total fair value gains or losses	118	118	-	-
Other movements**	(1 723)	(1 723)	-	-
Purchases	-	-	-	-
Closing Balance	2 744	2 744	-	-

* Represents loans and advances on entry level vehicles
** Other movements include charges on accounts less collections received and write off's.

Sensitivity analysis of valuations using unobservable inputs
As part of the Companyȯs risk management processes, stress tests are applied on the significant unobservable parameters to generate a range of potentially possible alternative valuations. The financial instruments that most impact this sensitivity analysis are those with the more illiquid and/or structured portfolios. The stresses are applied independently and do not take account of any cross correlation between separate asset classes that would reduce the overall effect on the valuations. A significant parameter has been deemed to be one which may result in a change in the fair value asset or liability of more than 10%. This is demonstrated by the following sensitivity analysis which includes reasonable range of possible outcomes:

R'000	Significant unobservable parameters applied**	2015 Potential effect recorded directly in equity		2014 Potential effect recorded directly in equity	
Description of financial instruments which are fair valued		**10% Favourable**	**10% Unfavourable**	**10% Favourable**	**10% Unfavourable**
*Loans and advances - entry level vehicles**		**559**	**499**	-	-
Potpale Investm	Weighted average PD applied = 56%	194	137	-	-
	Weighted average LGW applied = 78%	208	208	-	-
	Collateral value = R17,544 (ex VAT)	20	20	-	-
	Discount rate applied = 25%	71	69	-	-
	Weighted average effective interest rate applied = 22.7%	66	65	-	-
Total		**559**	**499**	**-**	**-**

* The fair value was calculated using an income approach (estimating and discounting future cashflows). The expected cash flows were estimated using a lifetime expected loss model which is consistent with the IFRS 9 provision methodology. The expected cashflows were then discounted at the market related discount rate of 25% to yield a fair value of the total loans and advances for the entry level vehicles.

** These represent the significant unobservable parameters applied in the fair value model as at 30 September 2015.

22 Restatements

The Company's operations expose it to a number of financial risks, including: market risk (interest rate risk); credit risk; and liquidity risk. A risk management programme has been established to protect the Company against the potential adverse effects of these financial risks.

	Opening balance IAS 39 2015 R'000	IFRS 9 - Change in classification 2015 R'000	IFRS 9 - Initial application of the measurement provisions 2015 R'000	Revised opening balance - IFRS 9 2015 R'000
Assets				
Cash and cash equilvalents	35 456	-	-	35 456
Loans to group companies	6 568	-	-	6 568
Trade and other receivables	1 074	-	-	1 074
Net loans and advances	736 000	-	(16 244)	719 756
Gross loans and advances	741 909	(6 213)	(127)	735 569
Premium level vehicles	735 696	-	(127)	735 569
Entry level vehicles	6 213	(6 213)	-	-
Impairment provision	(5 909)	178	(14 431)	(20 162)
Premium level vehicles	(5 731)	-	(14 431)	(20 162)
Entry level vehicles	(178)	178	-	-
Carrying value of written off book	-	-	-	-
Loans and advances held at fair value	-	6 035	(1 686)	4 349
Deferred taxation assets	1 082	-	4 571	5 653
Total assets	**780 180**	**-**	**(11 673)**	**768 507**
Liabilities				
Trade and other payables	5 510	-	82	5 592
Interest-bearing liabilities	665 000	-	-	665 000
Tax payables	437	-	-	437
Loans from group companies	97 486	-	-	97 486
Total liabilities	768 433	**-**	**82**	**768 515**
Potpale Investments (RF) (Pty) Ltd				
Stated share capital	-	-	-	-
Retained earnings	11 747	-	(11 755)	(8)
	11 747	**-**	**(11 755)**	**(8)**
Equity and Liabilities	**780 180**	**-**	**(11 673)**	**768 507**

Classification under IFRS 9

Under the requirements of IAS 39, the Company's advances were included in the loans and advances category. The classification of the majority of financial assets and liabilities held by the company under IFRS 9 is consistent with the previous classification under IAS 39. However, by applying the specific provisions of IFRS 9, the classification of two asset categories has changed. This includes the entry level vehicles (previously classified as loans and receivables held at amortised cost) and the investment in Guardrisk (previously classified as available for sale).

Loans and advances on entry level vehicles

Loans and advances provided by the Company on entry level vehicles are held at fair value through profit and loss as they are not held by the entity to collect solely payments of interest and capital. In addition, these assets are managed to realise fair values as management is primarily focused on fair value information and uses that information to assess the assets performance and to make decisions. The other loan portfolio held by the Company, consisting of premium assets, is held and managed by the business in order to collect contractual cash flow, and will therefore continue to be measured at amortised cost applying the guidance contained in IFRS 9.