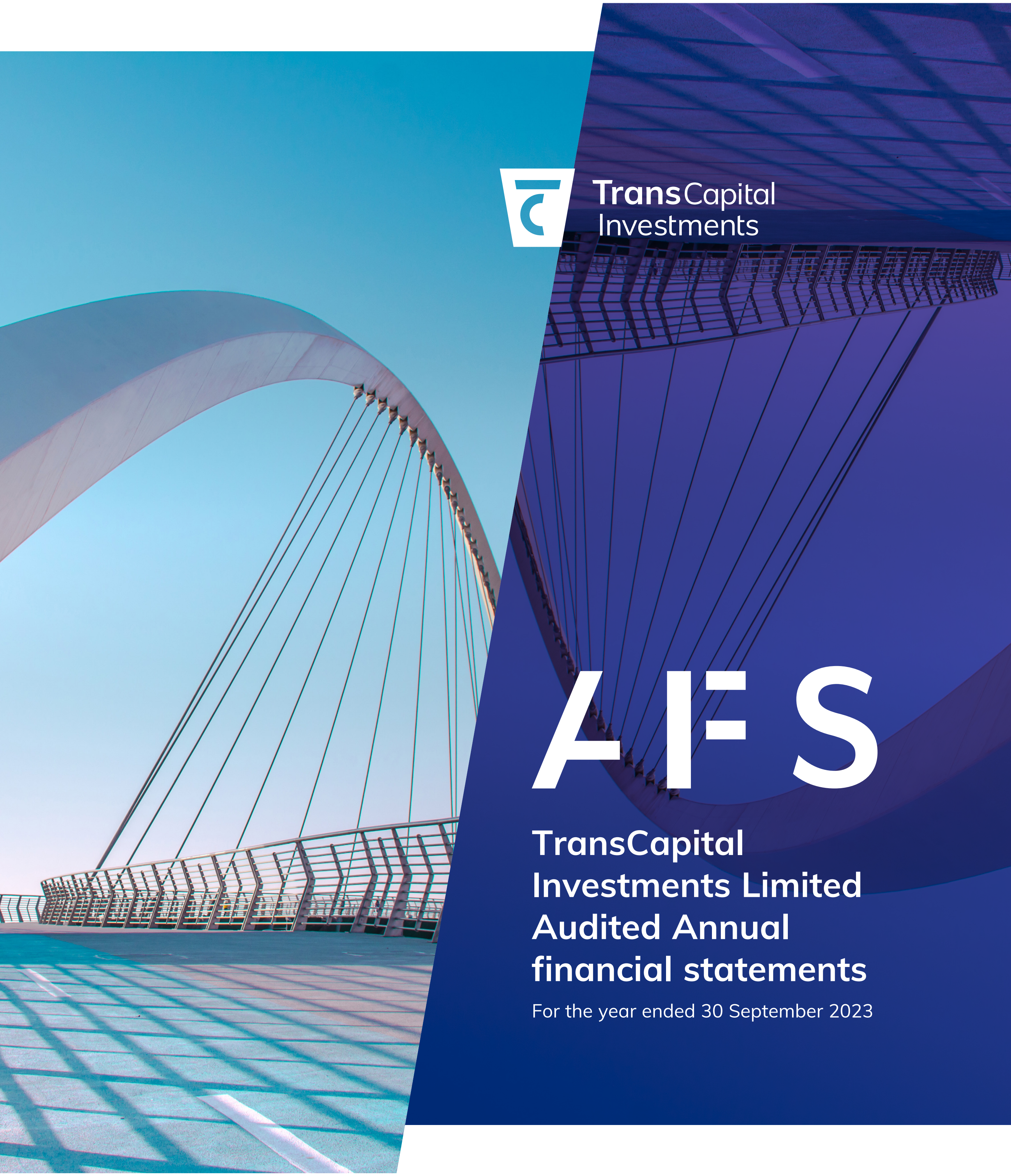

TransCapital Investments

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TransCapital Investments Limited Audited Annual financial statements

For the year ended 30 September 2023

Contents

The company's annual financial statements were prepared under the supervision of Sahil Samjowan CA(SA).

TransCapital Investments

Directors' responsibility statement

for the year ended 30 September 2023

The directors of TransCapital Investments Limited (the company) are responsible for the preparation and fair presentation of the audited company annual financial statements in accordance with International Financial Reporting Standards and the Financial Reporting Guides as issued by the Accounting Practices Board and in the manner required by the Companies Act, 71 of 2008 as amended, of South Africa ('Companies Act').

The directors confirm that the company is in compliance with the Companies Act and is operating in conformity with the company's memorandum of incorporation.

The directors' responsibilities include designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these annual financial statements to ensure that they are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. The responsibilities also include maintaining adequate accounting records and an effective system of risk management.

The audited company annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern in the year ahead.

The auditors are responsible for reporting on whether the company annual financial statements are fairly presented in accordance with the applicable financial reporting framework, and their unmodified report appears on page 17.

The annual financial statements on pages 19 to 43 were approved by the board of directors on 4 December 2023, and are signed on their behalf by:

D Hurwitz

David Hurwitz

Chief executive officer

S Samjowan

Sahil Samjowan

Chief financial officer

Company secretary's certificate

for the year ended 30 September 2023

I hereby certify that, to the best of my knowledge and belief, the company has filed all such returns and notices as is required of a public company in terms of the Companies Act, 71 of 2008 as amended of South Africa ('Companies Act'), with the Companies and Intellectual Property Commission ('CIPC') for the financial year ended 30 September 2023, and that all such returns and notices appear to be true, correct and up to date.

L Lill

Lisa Lill

Company secretary

4 December 2023

Directors' report

for the year ended 30 September 2023

Nature of business

The company provides treasury, management and administrative services to the Transaction Capital Limited group of companies.

Financial results

The results of the company are set out in the annual financial statements.

Directorate

The names of the directors in office at the date of this report are provided on page 44. The audit, social, ethics and sustainability, and the risk and technology committee functions are carried out at the holding company, Transaction Capital Limited.

Christopher Seabrooke retired as independent non-executive chairman of the Transaction Capital board with effect from 31 December 2022. He also stepped down as a member of the asset and liability committee from this date and will be an invitee going forward. He continues on the Transaction Capital board as a non-executive director and as a member of the nominations and remuneration committees. He was appointed as a member of the audit committee with effect from 31 December 2022.

Ian Kirk was appointed as chairman of the Transaction Capital board with effect from 31 December 2022. He also assumed the role of chairman of the nominations committee with effect from 31 December 2022. He stepped down as a member of the audit committee but remains a permanent invitee from this date. Ian Kirk continues as a member of the remuneration committee, asset and liability committee and continues to chair the risk and technology committee.

Roberto Rossi stepped down as a member of the nominations committee with effect from 1 June 2023.

Sean Doherty resigned as the chief financial officer with effect from 1 June 2023. Sahil Samjowan was appointed as the chief financial officer from the same date.

David Hurwitz will resign as the chief executive officer with effect from 31 December 2023. Jonathan Jawno will be appointed as the chief executive officer from the same date.

Kuben Pillay will retire from being a member of the Transaction Capital board with effect from 7 March 2024. Consequently, he will also retire as an independent non-executive director, chairman of the remuneration committee, member of the nominations committee and as member of the social, ethics and sustainability committee.

Buhle Hanise will resign as an independent non-executive director on the Transaction Capital board and a member of the audit committee with effect from 7 March 2024.

Sharon Wapnick will be appointed as the chairman of the remuneration committee with effect from 7 March 2024.

Albertinah Kekana will be appointed as a member of the remuneration committee with effect from 7 March 2024.

No further appointments or resignations occurred during the year.

Holding company

100% of the issued share capital is held by Transaction Capital Limited.

Audit committee report

for the year ended 30 September 2023

The responsibilities of the audit committee are set out in the Companies Act, 71 of 2008 as amended (the 'Act'), Transaction Capital's Memorandum of Incorporation, the King Code on Corporate Governance (King IV) and the JSE Listings Requirements. The audit committee's terms of reference are reviewed annually and approved by the Transaction Capital board.

Composition

At 30 September 2023, the audit committee comprised of four independent non-executive directors, all of whom are financially literate and have adequate financial and commercial experience to fulfil their roles as members. The committee meets four times per year, with two members of the audit committee forming a quorum.

At the date of this report, the audit committee comprised of:

- Diane Radley (chairperson)
- Buhle Hanise
- Suresh Kana
- Christopher Seabrooke (with effect from 31 December 2022).

The external auditors attend all audit committee meetings and separate meetings may be held with the audit committee to afford the external auditors the opportunity to meet with the audit committee without the presence of management.

Representatives from internal audit attend all audit committee meetings and are similarly afforded the opportunity of separate meetings with the audit committee. The group internal audit executive has a functional reporting line to the committee chairperson and an administrative reporting line to the chief financial officer.

The audit committee members assess the effectiveness of the audit committee and the audit committee chairman on an annual basis.

Members of the audit committee are elected annually at the company's annual general meeting by the group's shareholders on recommendation from the Transaction Capital board and nominations committee. The board may remove members of the audit committee and must fill vacancies within 40 business days.

Access to training is provided on an ongoing basis to assist members in discharging their duties.

Roles and responsibilities

The key functions and responsibilities of the audit committee, as outlined in the audit committee's terms of reference, include oversight of:

The preparation of financial reporting

- Ensure appropriate financial reporting procedures are established and operating effectively; including the consideration of all entities included in the consolidated group financial statements, to ensure it has access to all the financial information to allow the group to effectively prepare and report on the financial statements;
- Review of the annual financial statements, accounting practices and policies, internal financial controls, and reports; and
- Review and consider the findings of the annual JSE proactive monitoring report and ensure that appropriate action is taken.

Combined assurance

- Monitor the appropriateness of the intended combined assurance model to provide a coordinated approach to all assurance activities;
- Review the skills, resources and experience of the company's finance function annually and report the results in the integrated annual report; and
- Review the suitability of the skills and experience of the chief financial officer.

Internal audit

- Review the independence, performance and effectiveness of the internal audit process and ensure that it has the necessary resources, budget, standing and authority to discharge its functions;
- Ensure that the internal audit function is periodically, subject to an independent quality review to ensure that it remains effective; and
- Review the suitability of the skills and experience of the internal audit executive.

External audit

- Recommend/nominate the external auditor for appointment by the shareholders;
- Approve the external auditor's engagement terms, including remuneration;
- Monitor the relationship between the external auditor and management;
- Report on the independence of the external auditor in the annual financial statements;
- Define a policy for non-audit services provided by the external auditor and pre-approve contracts for non-audit services outside this policy;
- Review the performance and effectiveness of the external audit process; and
- Review the Independent Regulatory Board of Auditors (IRBA) Inspection Findings Report to evaluate the engagement team's independence, competency, capacity and risk focus of the auditors.

Roles and responsibilities continued

Governance

- In liaison with external and internal audit, review the developments in corporate governance and best practices and consider their impact and implication for the businesses' processes and structures;
- Be available at all times to advise the chairman of the board on queries relating to the financial affairs and internal controls; and
- Oversee matters relating to accounting practices, internal control, content or audit of the financial statements, internal financial controls and any related matters.

Risk

- Oversee the management of:
  - Tax risks;
  - Financial reporting risks;
  - Internal financial controls; and
  - Fraud risks relating to financial reporting.

Accounting

- Make submissions to the board on accounting policies, financial controls, records and reporting.

Formation of tax sub-committee

The tax sub-committee (the 'committee') was formed on 1 October 2022. The committee consists of the following members who were all appointed on 1 October 2022:

- Chris Seabrooke (chairperson)
- Diane Radley
- Jonathan Jawno

The committee was established to oversee the adoption, publication and adherence of/to the group tax strategy which provides guidance on the principles to be applied in managing the group's tax affairs as well as the commitment to tax transparency.

Effective 1 October 2023, the committee will form part of the audit committee, therefore there will no longer be a separate tax sub-committee.

Requirements of the Companies Act

- The audit committee assumes responsibility for all subsidiary companies that do not have their own audit committees. Responsibilities include reviewing the formalised processes and controls followed on behalf of subsidiaries.

The audit committee confirms that it has adopted appropriate formal terms of reference to discharge its responsibilities, has regulated its affairs and has discharged all of its responsibilities as contained therein.

Annual confirmations

Having considered, analysed, reviewed and debated information provided by management, internal audit and external audit; the audit committee confirms that:

- The internal financial controls of the group have been effective in all material aspects throughout the year under review;
- These controls have ensured that the group's assets have been safeguarded;
- The chief financial officer's expertise and experience is deemed appropriate;
- Appropriate financial reporting procedures have been established and are operating effectively;
- The group has complied in all material respects with the implemented risk management policy during the year under review;
- Resources have been utilised efficiently;
- The skills, independence, audit plan, reporting and overall performance of the external auditors; and
- It has confirmed the suitability of the appointment of the current audit firm and the designated individual partner with the audit firm, having obtained information as required by the JSE Listings Requirements.

The group finance function have reviewed the controls over financial reporting and presented their findings to the audit committee. During the current financial year, management identified no significant deficiencies in internal control over financial reporting either through the control self-assessment process or direct testing of results. The CEO and CFO's evaluation of controls included:

- The identification and classification of risks including the determination of materiality;
- Obtaining control declarations from divisional managers on the operating effectiveness of all controls on a quarterly basis; and
- Developing remediation plans to address control deficiencies identified. The audit committee has discussed and documented the basis for its conclusion, which includes discussions with internal and external auditors as well as management.

Conclusions on roles and responsibilities

Finance function

The audit committee has satisfied itself to the appropriateness of the expertise and experience of the chief financial officer and finance function for the year under review.

Risk management

The audit committee and risk and technology committee have satisfied themselves to the risk management processes within the group and the effectiveness thereof.

External audit

The current responsible audit partner, Stephen Munro, has been on the TransCapital Investments audit for four years.

In terms of the requirements of Mandatory Audit Firm Rotation, as instituted by the Independent Regulatory Board of Auditors ("IRBA"), Transaction Capital Limited will undergo a managed transition to new external auditors for the financial year ending 30 September 2024. During the current financial year, the audit committee recommended, and the board endorsed, the proposed appointment of PricewaterhouseCoopers (PwC) as the external auditor of the group, with Johan Potgieter as the designated audit partner, for the financial year ending 30 September 2024.

The audit committee, in consultation with executive management, agreed to an audit fee for the year under review. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 12 to the consolidated annual financial statements. In addition, the audit committee has approved a policy for non-audit services provided by the external auditors, is comfortable that non-audit services performed during the year have been reasonable and that this has not impacted on the independence of the external auditors.

The audit committee has reviewed the external auditor's report and is satisfied with the performance and effectiveness of the external audit process.

Internal audit

The audit committee has satisfied itself of the independence, performance and effectiveness of the internal audit process. The audit committee has considered and recommended the internal audit charter for approval by the board, which has so approved it.

The internal audit function was subject to an independent quality review in 2023, and the function was found to generally conform to the International Standards for the Professional Practice of Internal Auditing, which is the highest rating awarded during such a review. The next independent review is set to take place in 2028.

The committee is satisfied with the arrangement and level of combined assurance provided by the internal and external audit functions.

Going concern

The going concern assertion of the company, as prepared by management, was reviewed by the audit committee and recommended to the board.

Annual financial statements

The audit committee:

- Reviewed the audited annual financial statements after interrogation with management, the external auditors and the internal auditors;
- Reviewed the external auditor's management letter and management's response thereto;
- Reviewed adjustments resulting from external audit queries and accepted any unadjusted audit differences;
- Received and considered reports from the internal auditors; and
- Reviewed the balance sheet substantiation report prepared by the group finance function.

The external audit report meets the requirements of International Auditing and Assurance Standards Board ('IAASB'). The audit opinion listed key audit matters in which areas of judgement have been applied, and how these matters have been addressed as part of the audit process. In this regard, the committee has obtained comfort on areas in which management has applied judgement by:

- Interrogating management on methodologies applied to areas of judgement and being kept appraised on changes to methodologies applied (where applicable);
- Reviewing back-tests results on areas of judgement, with satisfying results;
- Receiving detailed feedback from the auditors on their testing performed on areas of judgement; and
- Reviewing disclosure in the annual financial statements with regards to areas of judgement.

The committee concurs with and accepts the external auditor's report on the annual financial statements and has recommended the approval thereof to the board, which has subsequently approved the annual financial statements. These will be open for discussion at the forthcoming annual general meeting.

Conclusion

The audit committee is satisfied that it has fulfilled all its statutory duties, including those prescribed by the Companies Act, and those assigned to it by the board during the year under review in relation to its terms of reference.

D Radley

Diane Radley
Audit committee chairperson

4 December 2023

Risk and technology committee report

for the year ended 30 September 2023

At 30 September 2023, the risk and technology committee (the 'committee') comprised of the following independent members:

- Ian Kirk (chaiperson)
- Diane Radley
- Suresh Kana

The committee has adopted terms of reference as its charter and has regulated its affairs in compliance with this and has discharged all of the responsibilities therein.

The committee was established to perform the statutory functions required to address risk and IT governance in terms of the King IV Report on Corporate Governance for South Africa, 2016 (King IV).

The key functions and responsibilities of the risk and technology committee, as outlined in the audit committee's terms of reference, include oversight of:

IT governance

The Committee will ensure that IT is suitably aligned with the Company's objectives, and in particular the Committee should:

- Consider the Company's IT risks and the adequacy of related controls;
- Ensure that the Company has adequate business resilience arrangements in place to identify and respond to incidents (including disaster recovery, cyber attacks and adverse social media events);
- Monitor and evaluate significant IT investments and expenditure;
- Ensure that the Company takes full advantage of the use of IT;
- Ensure that the Company is compliant with respect to IT laws and applicable rules, codes and standards;
- Where appropriate, obtain independent assurance on the effectiveness of the IT internal controls for outsourced and non-outsourced IT services; and
- Ensure that systems are in place for the management of information such that:
  - all personal information is identified and managed appropriately in accordance with applicable laws; and
  - ensure that the intellectual property built into IT is protected.

Risk

- Oversee the development and annual review of a policy and plan for risk management;
- Monitor implementation of the policy and plan for risk management;
- Ensure that continuous risk monitoring by management takes place within the levels of risk tolerance approved by the board;
- Oversee that the risk management plan is widely disseminated throughout the Company and integrated in the day-to-day activities of the Company;
- Ensure that risk management assessments are performed on a continuous basis;
- Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- Ensure that management considers and implements appropriate risk responses;
- Ensure that continuous risk monitoring by management takes place;
- Ensure proactive monitoring of intelligence to identify and respond to incidents, including cyber attacks and adverse social media events;
- Express the Committee's opinion to the board on the effectiveness of the system and process of risk management;
- Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant; and
- Oversee the management of:
  - Information and technology risks; and
  - Compliance risks.

Compliance

- The risk and technology committee has oversight of compliance with applicable laws and regulations.

I Kirk

Ian Kirk
Risk and technology committee chairman

4 December 2023

Social, ethics and sustainability committee report

for the year ended 30 September 2023

At 30 September 2023, the social, ethics and sustainability committee (the 'committee') comprised of the following members:

- Suresh Kana (chairman)
- Albertinah Kekana
- David Hurwitz
- Kuben Pillay
- Roberto Rossi

The committee has adopted terms of reference as its charter and has regulated its affairs in compliance with this, and has discharged all of the responsibilities set out therein.

The committee was established to assist the board in ensuring that the Transaction Capital group is and remains a good and responsible corporate citizen, and to perform the statutory functions required of a social, ethics and sustainability committee in terms of the Companies Act, 71 of 2008 as amended of South Africa ('Companies Act') and the King IV Report on Corporate Governance for South Africa, 2016 (King IV).

The committee monitors relevant legislation and other legal requirements or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, transformation, the environment, health and public safety as well as labour and employment. The committee met four times during this financial year.

Key focus areas for the committee for the year under review included:

- Transformation, and particularly employment equity;
- Implementing the ethics functions across the group;
- Developing and implementing Transaction Capital's environmental, social and economic impact framework, which provides an objective and balanced account of Transaction Capital's sustainability impact and facilitates the communication of its shared value creation to stakeholders; and
- Staff wellness and mental wealth.

Conclusion

The Transaction Capital group has the necessary policies and programmes in place to advance social and economic development, sound ethical behaviour, fair labour practices, responsible environmental practices and good customer relations. The committee confirms that Transaction Capital gives the necessary attention to its transformation, social and ethics responsibilities and has complied with the company's MOI and regulatory requirements. The committee is satisfied that it discharged its responsibilities set out in its terms of reference during the year.

Suresh Kana

Suresh Kana
Social, ethics and sustainability committee chairman

4 December 2023

Corporate governance report
for the year ended 30 September 2023

Board of directors
The names of the directors in office at the date of this report are set out on page 44.

Debt officer
Pursuant to paragraphs 6.39(a) and 7.3(g) of the JSE Limited Debt Listings Requirements, Mark Herskovits was appointed as the Debt Officer of the company with effect from 21 October 2020. The board has considered and is satisfied with the competence, qualifications and experience of the Debt Officer.

Independent advice
A director 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.

Board sub-committees
The audit, social, ethics and sustainability, and the risk and technology committee functions are carried out at the holding company, Transaction Capital Limited.

The board has concluded that these committees fulfilled its responsibilities for the year under review in compliance with its terms of reference and statutory requirements.

Remuneration philosophy
The company is a special purpose vehicle which does not employ any employees and no remuneration is paid.

Sustainability reporting
As a special purpose vehicle, the company does not play an active role where the environment and community is involved. Sustainability issues are dealt with by the holding company.

Fundamental and affected transactions
The company does not conduct business with entities in which its directors have a financial interest. Directors are required to declare financial interests on an annual basis.

Compliance with King IV

The company is, as far as practically possible given the special purpose nature thereof, fully committed to the principles contained in the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV).

The company is a special purpose vehicle and is a subsidiary of Transaction Capital Limited. The company has no employees and its management is outsourced to its holding company. The audit function and social and ethics function is carried out by the holding company, as provided for in section 94(2) and regulation 43(2) of the Companies Act. As a consequence, the governance framework of the holding company applies to the company, as appropriate. In the context of the above, the directors of the company are of the opinion that the company has complied with the principles of King IV for the year under review.

Debt Listings Requirements, the company is required to disclose the application of the King IV principles, as set out below.

To be read in conjunction with Transaction Capital Limited's integrated annual report which is available at http://www.transactioncapital.co.za/results-reports.php

Primary roles and responsibilities		Principles	Status	Comment
Leadership, ethics and corporate citizenship				
1	**Leadership**	The governing body should lead ethically and effectively.	Apply	The board maintains a high level of individual and collective accountability and responsibility, and strives for fairness and transparency in all its dealings. Together, these principles drive a culture of ethical leadership and protects the creation of value for the group's stakeholders. The Transaction Capital Limited board is responsible for the strategic direction of TransCapital Investments Limited (the company). The board directs strategy with reference to the company's values and ethics charter, to ensure the company consistently delivers shared value outcomes for all stakeholders. The company's values form a common platform for effective, responsible and ethical leadership, and is the basis for all deliberations, decisions and actions at board level and within every area of the business. The company has a Nomination Policy, Conflicts of Interest Policy and a Board Evaluations Policy in place. Directors annually complete and sign a Declaration of Interest which is updated as necessary and noted at each board of directors meeting.

Compliance with King IV continued

	Primary roles and responsibilities	Principles	Status	Comment
Leadership, ethics and corporate citizenship continued				
2	**Organisational ethics**	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Apply	The company is a special purpose vehicle with no employees and all functions are outsourced to its holding company, with the exception of the external audit function. The services performed by its holding company are conducted in accordance with Transaction Capital's ethics charter, as governed by the audit committee. Our values support our ability to maintain an ethical culture by setting the tone for the behaviour we expect from our executives and employees across the group. This includes always acting with integrity, striving for excellence, treating all our colleagues and stakeholders with respect, innovating in our markets, and taking accountability for our actions. Together, our ethical and values-based culture lays the groundwork for responsible value creation. Transaction Capital's Ethics Charter constitutes a formally documented policy to guide to entrench an ethical and values-based culture across the group. The Ethics Charter defines our vision, mission and values, and outlines our approach to delivering shared value outcomes. The board of the holding company's ethics governance framework sets out the structures and functions for governing ethics across the group. Effective governance of ethics enhances our businesses' growth, risk and sustainability profiles and secures our ability to sustainably deliver shared value outcomes. The pillars of this framework, serve to operationalise the group's ethics charter. The functions performed by its holding company are also governed by Transaction Capital's social, ethics and sustainability committee. The Social, Ethics and Sustainability Committee approved several group ethics policies namely the Anti-Harassment Policy; the Anti-Drug and Anti-Alcohol Abuse Policy; the Anti-Bribery and Corruption Policy; the Sponsorship and Donations Policy; the Transformation Deviation Policy; the Environmental Policy; and the Human Rights Policy which was endorsed by the board of the holding company.

Compliance with King IV continued

Primary roles and responsibilities		Principles	Status	Comment
Leadership, ethics and corporate citizenship continued				
3	**Responsible corporate citizenship**	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Apply	The company is a special purpose vehicle with no employees and all functions are outsourced to its holding company, with the exception of the external audit function. Transaction Capital seeks to be a responsible corporate citizen and the business model demonstrates our commitment to sustainable and inclusive growth. We consistently generate good commercial returns for clients, across our industry value chains, while simultaneously creating net positive socio-economic returns with enduring benefits. As a result, the principles of responsible corporate citizenship underpin all key aspects of our business, with ultimate responsibility entrusted to the board. Through the sub-committees, the board oversees and monitors how the group's operations and activities affect its corporate citizenship status. An economic, social, environmental and governance (ESEG) framework is in place which defines each division's societal purpose, cascading into defined impact areas and supporting metrics. These were developed through engagement with internal and external stakeholders to address their key concerns and expectations. The ESE framework informs our strategic and operational initiatives to ensure that the group's impacts are appropriately managed to create and protect value for Transaction Capital and our stakeholders, while minimising activities that could erode value. Progress in improving these ESE indicators forms part of the scorecards of group and divisional executives, supporting alignment to sustainability objectives across the group. The board monitors the continued adoption and operationalisation of the ESE Frameworks across the group, through quarterly reporting and data capturing.
Strategy, performance and reporting				
4	**Strategy and performance**	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.	Apply	The company is a special purpose vehicle. The strategy, direction and functions of the company are prescribed by the programme memorandum, programme agreement, agency agreement and any other ancillary agreements. Any changes to these agreements are approved by the board. Strategy is a key responsibility of the board, and it ensures a deep understanding of the business by monitoring strategy execution and engaging with executives across the group. Based on the recommendation of the holding company's Audit committee, the board approves the annual financial statements and any other reports published by the company, where required. The board ensures that the financial statements, which include the independent auditor's report, are available to stakeholders to make informed assessments of the company's performance. The board approved the early adoption of the IFRS Sustainability Standards, along with the JSE's Sustainability Disclosure Standard in its financial reporting to ensure more transparent and relevant reporting.

Compliance with King IV continued

Primary roles and responsibilities		Principles	Status	Comment
Strategy, performance and reporting continued				
5	**Reporting**	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.	Apply	The board of directors of the holding company acknowledges its responsibility for the integrity of external reports issued by the group. These reports should be read together for a complete view of the group and its sustainability performance, provided through the different lenses of our reporting suite. All external reports are aligned to best practice market trends, with supplementary governance, risk and sustainability reports considered and approved by the board prior to being issued.
Governing structures and delegation				
6	**Primary role and responsibilities of the governing body**	The governing body should serve as the focal point and custodian of corporate in the organisation.	Apply	The board of directors of the holding company is the focal point of its corporate governance framework. The holding company follows a stakeholder-inclusive approach to governance, with the holding company board being ultimately responsible and accountable to stakeholders for the performance, activities and control of the company. The board of directors of the holding company delegates specific responsibilities to appropriately mandated and constituted sub-committees. The audit committee and the social, ethics and sustainability committee fulfil the statutory governance functions on behalf of Transaction Capital, its divisions and group subsidiaries in terms of the Companies Act 71 of 2008 and King IV. Transaction Capital's governance structures are aligned to King IV, which advocates an outcomes based approach to governance. The board considers value creation against the King IV definition of corporate governance as the exercise of ethical and effective leadership to achieve the governance outcomes of good performance and ethical culture, effective control and legitimacy. The holding company has several group ethics policies in place and has recently updated and approved the group's Price Sensitive Information Policy and Policy on Security Dealings; as well as the Group Legal and Compliance Policy.

Compliance with King IV continued

	Primary roles and responsibilities	Principles	Status	Comment
Governing structures and delegation continued				
7	**Composition of the governing body**	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.	Apply	The board of TransCapital Investments, in conjunction with its holding company nominations committee, assesses the composition and membership of the board. Directors of TransCapital Investments are of sufficient calibre, experience and number for their views to carry significant weight in board decisions. The activities of the holding company's board include reviewing and providing input on corporate strategy, business plans, risk propensity, budgets and sustainability. Strategies, business plans and performance criteria are clearly defined, with appropriate key performance indicators in place to measure and monitor performance against their strategies. Based on its most recent assessments performed in November 2022, Transaction Capital's board, together with the nominations committee, is satisfied that TransCapital Investment's board composition reflects the appropriate mix of knowledge, skills, experience and independence. The company has a Nomination policy, Conflicts of Interest Policy and a Board Evaluations in place. The company has a Nomination Policy; Conflicts of Interest Policy; Promotions Policy; and a Board Evaluations Policy in place, and has restructured the Audit Committee and the Nominations Committee to align with King IV recommendations.
8	**Committees of the governing body**	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with the balance of power and the effective discharge of its duties.	Apply	A delegation of authority is in place for board sub-committees of the holding company. Board sub-committees have terms of reference, which are reviewed annually. The governance function of the board sub-committees is outlined in the respective approved committee terms of reference. All sub-committees have fully functional structures, with clear objectives set out in their respective terms of reference. Terms of reference are approved by the board and reviewed annually. Included in each sub-committee's terms of reference is the imperative to enhance the standard of governance within the group, together with clearly defined authority delegation and reporting procedures.
9	**Evaluations of the performance of the governing body**	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.	Apply	TransCapital investments has executed its responsibilities in accordance with the evaluation policy. A formal performance evaluation of the holding company board (which includes the directors of the TransCapital Investments board), its committees and the company secretary are conducted annually by means of an evaluation questionnaire, to review the mix of skills, performance during the year, contribution and independence of individual directors. Results of the evaluations provide the basis for improvement of the board and its committees for the following year. The nominations committee workplan includes discussions on board performance as well as that of the chairman, members and sub-committees. Based on the annual evaluations undertaken during November 2022, the board has assessed the expertise, performance and experience of the chairman, lead independent director, CEO, CFO, internal audit executive and the company secretary and is satisfied that they are performing adequately. In accordance with King IV, the offices of the chairman, lead independent director and CEO are separate. Additionally, the board is satisfied with the qualifications, experience and competence of the company secretary, Lisa Lill, and that an arm's length relationship is maintained between the board and the company secretary.

Compliance with King IV continued

Primary roles and responsibilities		Principles	Status	Comment
Governing structures and delegation continued				
10	**Appointment and delegation to management**	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	Apply	The company does not have any employees and all its functions have been outsourced to its holding company. Such functions are governed by Transaction Capital's committees.
Governance of functional areas				
11	**Risk**	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	Apply	The company is a special purpose vehicle. The company does not have employees and all its functions have been outsourced to Transaction Capital Limited. The services performed by Transaction Capital Limited are governed by its Audit committee. The holding company has a board-approved risk framework, which sets the policy, risk appetite and tolerance levels of the group, identifies the material risks and opportunities, and ensures ongoing risk oversight and monitoring for the group. The board is assisted by the Risk and Technology Committee and the Asset and Liability Committee in governing risk in a way that supports the group's strategic objectives and the creation of value.
12	**Technology and information**	The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.	Apply	The company does not have any employees and all its functions have been outsourced to its holding company. Data, information and technology are integral to the operations of the group and its divisions, and to their ability to deliver value and grow sustainably. The board has delegated the governance of information and technology to the risk and technology committee, which also ensures that an information and technology governance reporting framework is in place. Chief information officers are appointed at each division, with the appointments ratified by the group CEO. Information and technology expenditure is reported on and governed under the group's authority framework. An information and technology policy that addresses the governance of information and technology in line with the recommended practices of King IV is also in place. Each subsidiary sets its own strategy with regards to information and technology, which is reported to its board and the risk and technology committee. Disaster recovery and business continuity plans are in place for the group and are tested regularly. Compliance, information security, cybersecurity, risk and the control environment are all managed within each information and technology team. Additionally, the information and technology functions reported to the risk and technology committee that adequate arrangements are in place for ongoing business continuity, with proactive monitoring of intelligence in place to identify and respond to potential cyberattacks. Cybersecurity measures are in place in all businesses including the group executive office. The holding company's Risk and Technology Committee has created a specific Cyber Security Committee that focuses on identifying, mitigating and controlling cyber risk. The Cyber Security Committee has approved a comprehensive Data Leak Prevention and Bring Your Own Device Policy which was collaboratively developed with insights from IT heads across the group.

Compliance with King IV continued

	Primary roles and responsibilities	Principles	Status	Comment
Governance of functional areas continued				
13	**Compliance**	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	Apply	The company does not have any employees and all its functions have been outsourced to its holding company. The holding company Risk and Technology Committee and the Social, Ethics and Sustainability Committee are responsible for compliance oversight. Board processes, including a Group Combined Assurance Plan, are in place to keep up to date with changes in the legislative landscape including the JSE Debt Listings Requirements. The group-wide risk framework specifically manages compliance risk, with dedicated internal compliance functions in place within the divisions. Regulatory compliance is non-negotiable. The board proactively oversees the review of the group's systems of control and governance through formalised group compliance reporting at the Risk and Technology Committee meetings. It also continually recommends enhancements to ensure that each division is managed ethically, in compliance with legislative requirements and in line with best practice governance guidelines.
14	**Remuneration**	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	N/A	The company has no employees and does not remunerate its directors individually. The directors of the TransCapital Investments Board are remunerated in accordance with their services by the holding company.
15	**Assurance**	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.	Apply	The company is a special purpose vehicle. The company does not have employees and all its functions have been outsourced to Transaction Capital Limited. The services performed by Transaction Capital Limited are governed by its Audit committee. Compliance and internal audit representatives from Transaction Capital Limited are present at the Audit committee meetings. The Audit Committee and Risk and Technology Committee are responsible for overseeing the effectiveness of combined assurance arrangements within the group. The combined assurance plan is based on the recommendations of King IV.

Compliance with King IV continued

Primary roles and responsibilities		Principles	Status	Comment
Stakeholder relationships				
16	**Stakeholders**	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	Apply	Stakeholder engagement is reported on at the holding company's board and Social, Ethics and Sustainability Committee. The holding company board, through the Social, Ethics and Sustainability Committee, oversees the group's stakeholder engagement strategies and processes, which enables executive management to understand and effectively respond to legitimate stakeholder concerns. The divisions each have their own tailored stakeholder engagement plans in place, which are reported, considered and discussed at their respective board meetings. The group's key stakeholder groups have been identified according to their levels of influence on the group, the group's impact on them and the level to which the group collaborates, involves or consults with them. Stakeholder concerns are also prioritised as part of the group's risk management framework.
17	**Institutional investors**	The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	N/A	The company is not an institutional investor.

Independent auditor's report

for the year ended 30 September 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TransCapital Investments Limited set out on pages 19 to 43, which comprise the statement of financial position as at 30 September 2023, statement of comprehensive income, the statement of changes in equity and the 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 TransCapital Investments Limited as at 30 September 2023, 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) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For the purposes of the TransCapital Investments Limited 30 September 2023 audit, we have not identified any key audit matters.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report. 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 and will 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.

Responsibilities of the Directors 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 judgement 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 the 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, actions taken to eliminate threats or safeguards applied.

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 Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of TransCapital Investments Limited for 8 years.

DocuSigned by:

Deloitte & Touche

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Deloitte & Touche

Registered Auditor
Per: Stephen Munro
Partner

5 December 2023

5 Magwa Crescent, Waterfall City, Waterfall

Statement of financial position

at 30 September 2023

	Notes	2023 R	2022 R
Assets			
Cash and cash equivalents	4	**6 198 225**	1 130 990
Trade and other receivables	5	**55 718**	60 448
Loan to group company	17	**–**	1 640 000
Loans to holding company	6	**456 025 789**	454 977 848
Total assets		**462 279 732**	457 809 286
Liabilities			
Tax liabilities		**12 445**	–
Trade and other payables	7	**173 676**	108 775
Loan from holding company	17	**7 039 161**	5 762 194
Interest-bearing liabilities	8	**457 249 624**	455 588 162
Total liabilities		**464 474 906**	461 459 131
Equity			
Ordinary share capital	9	**100**	100
Retained earnings		**(2 195 274)**	(3 649 945)
Total equity		**(2 195 174)**	(3 649 845)
Total equity and liabilities		**462 279 732**	457 809 286

Statement of profit or loss and other comprehensive income

for the year ended 30 September 2023

	Notes	2023 R	2022 R
Interest income	11	**49 696 412**	23 252 655
Interest expense	11	**(47 340 004)**	(21 926 873)
Net interest income	11	**2 356 408**	1 325 782
Impairment loss	18.1.2	**(462 390)**	(1 369 041)
Non-interest revenue	10	**936 783**	730 435
Operating costs	12	**(616 761)**	(413 066)
Profit before tax		**2 214 040**	274 110
Income tax expense	13	**(759 369)**	–
Profit for the year		**1 454 671**	274 110
Other comprehensive income		**–**	–
Total comprehensive profit for the year		**1 454 671**	274 110

TransCapital Investments

Statement of changes in equity

for the year ended 30 September 2023

	Number of ordinary shares	Share capital R	Retained earnings R	Total equity R
Balance at 30 September 2021	100	100	(3 924 055)	(3 923 955)
Total comprehensive income	–	–	274 110	274 110
Profit for the year	–	–	274 110	274 110
Other comprehensive income	–	–	–	–
Balance at 30 September 2022	**100**	**100**	**(3 649 945)**	**(3 649 845)**
Total comprehensive income	**–**	**–**	**1 454 671**	**1 454 671**
Profit for the year	**–**	**–**	**1 454 671**	**1 454 671**
Other comprehensive income	**–**	**–**	**–**	**–**
Balance at 30 September 2023	**100**	**100**	**(2 195 274)**	**(2 195 174)**

TransCapital Investments

Statement of cash flows

for the year ended 30 September 2023

	Notes	2023 R	2022 R
Cash flow from operating activities			
Cash generated by operations	14	**320 022**	(89 929)
Interest received		**48 186 081**	17 905 766
Interest paid		**(45 678 542)**	(16 763 711)
Income taxes paid	15	**(746 924)**	–
Cash flow from operating activities before changes in operating assets and working capital		**2 080 637**	1 052 126
Decrease/(Increase) in operating assets		**1 640 000**	(451 000 000)
Loan to holding company		**–**	(451 000 000)
Loan to group company		**1 640 000**	–
Changes in working capital		**69 631**	38 841
Decrease/(Increase) in trade and other receivables		**4 730**	(63 326)
Increase in trade and other payables		**64 901**	102 167
Net cash generated(utilised) by operating activities		**3 790 268**	(449 909 033)
Cash flow from financing activities			
Proceeds from interest-bearing liabilities	16	**–**	451 000 000
Increase in loan from holding company	16	**1 276 967**	21 181
Net cash generated by financing activities		**1 276 967**	451 021 181
Net increase/(decrease) in cash and cash equivalents		**5 067 235**	1 112 148
Cash and cash equivalents at the beginning of the year	4	**1 130 990**	18 842
Cash and cash equivalents at the end of year	4	**6 198 225**	1 130 990

Notes to the annual financial statements

for the year ended 30 September 2023

1 Basis of preparation

The financial statements of the company are prepared in accordance with International Financial Reporting Standards (IFRS), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the going-concern principle and the requirements of the South African Companies Act, 71 of 2008 and JSE Debt Listing requirements.

The financial statements have been prepared on the historical cost basis.

Reference to the current maturities of financial assets and liabilities are disclosed in the statements of financial position notes and in the analysis of financial assets and liabilities.

All monetary information and figures presented in these financial statements are stated in South African Rands, unless otherwise stated. The accounting policies are consistent with the prior year.

The company has consistently applied the accounting policies to all periods presented in these financial statements.

2 Management estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements on carrying values of assets or liabilities that are not otherwise readily apparent. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of loans to holding company

Expected credit losses are measured as an allowance equal to 12-month expected credit losses (ECL) or lifetime ECL. An asset moves to lifetime ECL when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the company considers qualitative and quantitative reasonable and supportable forward-looking information. Refer to note 18.1 for further information.

3 Changes in accounting policies and disclosures

New standards issued not yet effective

The accounting policies applied in the preparation of the financial statements is in terms of International Financial Reporting Standards (IFRS) and are consistent with those accounting policies applied in the preparation of the previous annual financial statements, except for the adoption of amended accounting standards and interpretations, as described below.

Amendments to IAS 1 Presentation of financial statements and IFRS practice statement 2 making materiality judgements – disclosure of accounting policies

The amendments change the requirements in IAS 1 with regard to the disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. The amendments also specify:

- that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability;
- that rights are in existence if covenants are complied with at the end of the reporting period; and
- introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively and are effective for the financial year ending 30 September 2024, with early application permitted. The amendments are not expected to have a material impact on the group’s consolidated financial statements.

3 Changes in accounting policies and disclosures continued

Amendments to IAS 1 Classification of liabilities as current or non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. The amendments also specify:

- that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability;
- that rights are in existence if covenants are complied with at the end of the reporting period; and
- introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively and are effective for the financial year ending 30 September 2024, with early application permitted. The amendments are not expected to have a material impact on the group's consolidated financial statements.

Amendments to IAS 1 Presentation of financial statements – non-current liabilities covenants

IAS 1 requires an entity to classify debt as current if it is unable to avoid settling the debt within 12 months after the reporting date. However, the entity may need to comply with covenants during that same period, which may question whether the debt should be classified as non-current.

The amendments state that at the reporting date, the entity does not consider covenants that will need to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements, to enable investors to understand the risk that such debt could become repayable early and therefore improving the information being provided on the long-term debt.

The amendments are effective for the financial year ending 30 September 2024, with early application permitted. The group anticipates that the application of these amendments may have a significant impact on the group's presentation of borrowings in its consolidated financial statements in future periods.

Amendments to IAS 8 accounting policies, changes in accounting estimates and errors definition of accounting estimates

The amendments replace the definition of a change in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendment further clarifies the following:

- A change in accounting estimate that results from new information or new developments is not the correction of an error; and
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for the financial year ending 30 September 2024, and are not expected to have a material impact on the group's consolidated financial statements.

		2023 R	2022 R
4	**Cash and cash equivalents**		
	Bank balances	**6 198 225**	1 130 990
	Total cash and cash equivalents	**6 198 225**	1 130 990
	Bank overdrafts	**–**	–
	Net cash and cash equivalents	**6 198 225**	1 130 990

The cash balance has been ceded as part security for securitisation notes and loans as shown in note 8, in favour of the guarantor.

		2023 R	2022 R
5	**Trade and other receivables**		
	Prepayments	**55 718**	60 448
	Total trade and other receivables	**55 718**	60 448

The carrying value of trade and other receivables approximates fair value as these are short-term in nature and not subject to material changes in credit risk and fair value.

The trade and other receivables balance is made up of prepaid expenditure, which is a non-financial asset, and expected credit losses are not applicable.

	2023 R	2022 Restated* R
6 Loans to holding company		
Gross loan to holding company	**457 857 220**	456 346 889
Impairment	**(1 831 431)**	(1 369 041)
Net loan to holding company	**456 025 789**	454 977 848
Maturity Analysis of gross loan receivable*		
Receivable within one year	**6 857 220**	5 346 889
Receivable on 2025/02/17	**210 000 000**	210 000 000
Receivable on 2027/02/15	**241 000 000**	241 000 000
Total loan to holding company	**457 857 220**	456 346 889

* *The maturity analysis in the prior year has been restated to reflect the gross amounts receivable, and to correctly reflect the amounts receivable within one year.*

The funds received from the notes issued during the prior year was loaned to Transaction Capital Limited at a 3-month JIBAR plus rate. Refer to note 18.1 for further explanation of the credit risk and a reconciliation of the impairment provision.

7 Trade and other payables

	2023 R	2022 Restated* R
Trade payables and accruals	**139 136**	7 875
VAT payable	**34 540**	100 900
Trade and other payables	**173 676**	108 775

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

8 Interest-bearing liabilities

	2023 R	2022 Restated* R
Type of loan		
Notes	**457 249 624**	455 588 162
Classes of Interest-bearing liabilities		
Notes	**457 249 624**	455 588 162
Total Interest-bearing liabilities	**457 249 624**	455 588 162
Maturity profile*		
Payable within one year	**6 249 624**	4 588 162
Payable on 2025/02/17	**210 000 000**	210 000 000
Payable on 2027/02/15	**241 000 000**	241 000 000
Total Interest-bearing liabilities	**457 249 624**	455 588 162

* *The maturity analysis has been restated to reflect a more detailed split in payment dates and to correctly reflect the amounts payable within one year.*

The company was not during the year or at year end in breach or default of any provisions of the terms or conditions of the agreements governing borrowings that will change the timing or amount of cash flows.

2023 Loan	Description	Date issued	Interest rate	Maturity	Rm
Notes	Term	2022/02/15	3 Month JIBAR plus 3.39%	2027/02/15	**244 259 523**
Notes	Term	2022/02/15	3 Month JIBAR plus 2.89%	2025/02/17	**212 990 101**

2022 Loan	Description	Date issued	Interest rate	Maturity	Rm
Notes	Term	2022/02/15	3 Month JIBAR plus 3.39%	2027/02/15	**243 301 521**
Notes	Term	2022/02/15	3 Month JIBAR plus 2.89%	2025/02/17	**212 286 641**

During the current and prior year, the company had no restrictive funding arrangements as defined by the JSE listings requirements.

	2023 R	2022 R
9 Ordinary share capital		
Authorised		
1 000 Ordinary shares		
Issued		
100 (2022: 100) Ordinary shares of R1 each	**100**	100
Ordinary share capital	**100**	100

All issued shares are paid up.

10 Non-interest revenue

General Policy

The recognition of non-interest revenue is measured based on cost plus methodology which is set out in the contract. The revenue is made up of the fees for rendering services to the Transaction Capital group companies.

Secretarial services were provided throughout the financial periods. Revenue was recognised as over time as the performance obligation was met and the secretarial services provided to the group companies.

	2023 R	2022 R
Non-interest revenue comprises:		
Secretarial services	**936 783**	730 435
Total non-interest revenue	**936 783**	730 435

11 Interest income and expense

	2023 R	2022 R
Interest is earned on:		
Cash and cash equivalents	**252 106**	23 822
Loan to holding company	**49 444 306**	23 228 833
Total interest income	**49 696 412**	23 252 655
Interest expense is paid on:		
Interest-bearing liabilities	**(47 340 004)**	(21 926 873)
Total interest expense	**(47 340 004)**	(21 926 873)
Interest income	**49 696 412**	23 252 655
Interest expense	**(47 340 004)**	(21 926 873)
Net interest income	**2 356 408**	1 325 782

	2023 R	2022 R
12 Operating costs		
Operating costs comprise:		
Audit fees	**262 203**	82 297
Bank charges	**86 088**	82 591
Listing fees	**227 601**	238 915
Secretarial fees	**10 469**	9 263
VAT disallowed	**30 400**	–
Total operating costs	**616 761**	413 066

Executive compensation

Executive directors' remuneration

The following table shows a breakdown of the annual remuneration of directors for the year ended 30 September 2023, the below disclosed directors emoluments are paid from Transaction Capital Limited for services provided as directors across the group.

2023

	Salary R	Short-term employee benefits* R	Present value of share-based awards** R	Annual incentive bonus R	Total R
Executive directors					
Sean Doherty***	**2 441 233**	**441 270**	**–**	**–**	**2 882 503**
Mark Herskovits	**3 179 038**	**677 735**	**9 550 127**	**2 533 333**	**15 940 233**
David Hurwitz	**6 492 999**	**868 898**	**–**	**–**	**7 361 897**
Sahil Samjowan****	**1 226 413**	**207 745**	**3 612 500**	**1 770 833**	**6 817 491**
Total	**13 339 683**	**2 195 648**	**13 162 627**	**4 304 166**	**33 002 124**

2022

	Salary R	Short-term employee benefits* R	Present value of share-based awards** R	Annual incentive bonus R	Total R
Executive directors					
Sean Doherty***	2 899 611	539 430	4 574 708	2 833 333	10 847 082
Mark Herskovits	2 732 190	574 983	3 734 644	2 708 333	9 750 150
David Hurwitz	6 220 437	690 169	5 463 769	6 792 500	19 166 875
Sahil Samjowan****	–	–	–	–	–
Total	11 852 238	1 804 582	13 773 121	12 334 166	39 764 107

* *There were no post-employment, other long term or post termination benefits paid to executive directors.*

** *Estimated present value and number of CSPs to be granted in December 2023 based on the 10 day VWAP at 30 September 2023.*

*** *Sean Doherty stepped down as the chief financial officer of the Transaction Capital group with effect from 1 June 2023.*

**** *Sahil Samjowan was appointed as the chief financial officer of the Transaction Capital group with effect from 1 June 2023.*

12 Operating costs continued

Executive compensation continued

Conditional Share Plan (CSP)

The following table shows the position for directors in office at 30 September 2023:

	Component	Present value of CSP R	Number of CSPs*	Vesting periods (years)	Number of CSPs exercised during the year*	Gain on CSPs exercised R
Executive director						
David Hurwitz						
Granted on 22 November 2017	Group	–	–	2 to 5	27 760	1 074 034
Granted on 20 November 2018	Group	627 949	38 549	2 to 5	59 654	2 308 013
Granted on 26 November 2019	Group	2 421 544	127 338	2 to 5	63 669	2 463 354
Granted on 24 November 2020	Group	4 635 135	255 192	3 to 5	–	–
Granted on 16 November 2021	Group	5 097 018	133 780	3 to 5	–	–
Granted on 15 November 2022	Group	5 422 964	152 975	3 to 5	–	–
Mark Herskovits						
Granted on 22 November 2017	Group	–	–	2 to 5	13 986	541 118
Granted on 20 November 2018	Group	313 624	19 253	2 to 5	29 796	1 152 807
Granted on 26 November 2019	Group	1 076 762	56 622	3 to 5	28 311	1 095 353
Granted on 24 November 2020	Group	3 013 986	165 938	3 to 5	–	–
Granted on 16 November 2021	Group	3 483 940	91 442	3 to 5	–	–
Granted on 15 November 2022	Group	4 108 088	115 884	3 to 5	–	–
Granted in December 2023*	Group	9 550 127	2 268 385	3	–	–
Sahil Samjowan						
Granted on 1 February 2021	Nutun	2 233 996	428 790	3 to 5	–	–
Granted on 16 November 2021	Nutun	1 379 607	210 306	3 to 5	–	–
Granted on 15 November 2022	Nutun	3 033 636	369 505	3 to 5	–	–
Granted in December 2023*	Group	3 162 500	858 056	3		

* *Estimated present value and number of CSPs to be granted in December 2023 based on the 10 day VWAP.*

13 Income tax

13.1 Current tax

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the financial year-end.

	2023 R	2022 R
13.2 Income tax expense		
South African normal taxation:		
Current taxation	**(759 369)**	–
Current year	**(732 121)**	–
Prior years	**(27 248)**	–
Total income tax expense	**(759 369)**	–
Tax rate reconciliation:		
South African tax rate	**27%**	28%
Adjusted for tax effects of:		
Tax losses not recognised	**–**	(28%)
Expenses not deductible for tax purposes	**6%**	–
Prior period tax	**1%**	–
Effective tax rate	**34%**	–

14 Cash generated by operations

	2023 R	2022 R
Profit before taxation from continuing operations:	**2 214 040**	274 110
Adjusted for:		
Interest income	**(49 696 412)**	(23 252 655)
Interest expense	**47 340 004**	21 926 873
Impairment expense	**462 390**	1 369 041
Non-cash secretarial fee revenue	**–**	(730 435)
Other non-cash operating expenditure	**–**	323 137
Cash generated by operations	**320 022**	(89 929)

	2023 R	2022 R
15 Income taxes paid		
Charged in statement of comprehensive income	**(759 369)**	–
Amounts receivable at the end of the year	**12 445**	–
Income taxes paid	**(746 924)**	–

16 Liabilities from financing activities

	Interest bearing liabilities R	Loan from holding company R	Total R
As at 1 October 2021	–	4 793 759	4 793 759
Financing cash flows	451 000 000	21 181	451 021 181
Liabilities raised	451 000 000	21 181	451 021 181
Liabilities repaid	–	–	–
Transaction costs	(575 000)	–	(575 000)
Interest accruals	5 163 162	–	5 163 162
Other non-cash movements*	–	947 254	947 254
As at 30 September 2022	**455 588 162**	**5 762 194**	**461 350 356**
Financing cash flows	**–**	**1 276 967**	**1 276 967**
Liabilities raised	**–**	**1 276 967**	**1 276 967**
Liabilities repaid	**–**	**–**	**–**
Interest accruals	**1 661 462**	**–**	**1 661 462**
As at 30 September 2023	**457 249 624**	**7 039 161**	**464 288 785**

* *Other non-cash movements in loan from the holding company relate to non-cash expenses capitalized to the loan.*

17 Related parties

	2023 R	2022 R
Transactions with group companies		
TC Corporate Support Proprietary Limited – secretarial service revenue	**936 783**	730 435
Transaction Capital Limited – interest income	**49 444 306**	23 228 833
Total transactions with related parties	**50 381 089**	23 959 268
Balances with group companies		
Transaction Capital Limited loan liability*	**(7 039 161)**	(5 762 194)
TC Corporate Support Proprietary Limited loan asset*	**–**	1 640 000
Transaction Capital Limited loan receivable**	**456 025 789**	454 977 848
Balance at the end of the year	**448 986 628**	450 855 654

* *Interest free and receivable/(payable) on demand.*
** *Interest bearing at 3 month JIBAR plus 3.39% and 3.89% rates, with repayment at the end of the loan term as disclosed in note 6.*

18 Financial risk management

The company's operations expose it to a number of financial risks, including interest rate risk, credit risk and liquidity risk.

The board is responsible for risk management and the setting of the risk management framework. Oversight of risk management is the responsibility of two board sub-committees; the asset and liability committee (ALCO) and the audit committee. 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 and internal control. The audit 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.

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

The company recognises financial assets and financial liabilities at the trade date when it becomes a party to the contractual provisions of the instrument.

Initial recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments are grouped into classes that are appropriate taking into account the characteristics and risks 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.

The company generally does not reclassify financial instruments between different categories subsequent to initial recognition.

Financial assets

Classification

A financial asset is measured at amortised cost if:

- The financial asset is held within a business model whose objective is to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset is measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income. In certain instances, the business model is not to collect contractual cash flows, nor to sell the asset and in these cases the financial asset is held at fair value through profit and loss.

Amortised cost and effective interest method

These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets which have been classified as loans and receivables include cash that does not meet the definition of cash as defined in IAS 7 – Statement of Cash Flows, trade and other receivables, loans and advances.

Trade and other receivables, and group loans are initially recognised at fair value. Subsequently, trade and other receivables and group loans are carried at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated by taking into account any transaction costs on acquisition and fees and costs that are an integral part of the effective interest rate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

18 Financial risk management continued

Financial assets continued

Amortised cost and effective interest method continued

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the interest income line item (note 11 of the annual financial statements.).

A financial asset is measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income. In certain instances, the business model is not to collect contractual cash flows, nor to sell the asset and in these cases the financial asset is held at fair value through profit and loss.

The company has not classified any financial assets at fair value.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss (FVTPL). Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

18.1 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 the loan to the holding company. The measurement of the ECL relating to this loan is discussed in the section below.

The company limits its counterparty exposure arising from cash balances by dealing only with well-established financial institutions of high credit standing. Deposits are limited to the big five banks within South Africa.

Impairment

The company recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost.

The loss allowance for a financial instrument is measured at the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition.

Impairment losses or reversals are recognized in profit or loss.

The impairment requirements result in the recognition of lifetime ECL for all financial instruments for which there have been significant increases in credit risk since initial recognition, whether assessed on an individual or collective basis, considering all reasonable and supportable information, including that which is forward looking. If at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12 months ECL.

12 month ECL are the portion of the lifetime ECL that represent the ECL that result from default events on a financial instrument that are possible within 12 months after reporting date. For loan commitments and financial guarantee contracts, the date that the company becomes party to the irrevocable commitment is considered the date of initial recognition for the purposes of applying the impairment requirements.

18 Financial risk management continued

18.1 Credit risk continued

Measurement of expected credit losses (ECL)

The company measures ECL of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; 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.

The maximum period considered when measuring ECL is the maximum contractual period (including extension options) over which the company is exposed to credit risk, and not a longer period, even if that period is consistent with business practice. For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate.

The measurement of the ECL is a function of the probability of default, the loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and the loss given default is based on historical data adjusted by forward-looking information. The company has assessed the probability of default with reference to guidance based on the external credit rating from a global institution. The company's assessment of the loss given default is based on a calculated expected recovery rate, determined by comparing the holding company's contractual debt cash outflows relative to its total assets. The exposure at default is represented by the financial asset's gross carrying amount at the reporting date.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the company compares the risk of default occurring on the financial instrument at reporting date with the risk of default at the date of initial recognition. In making this assessment, the company considers both qualitative and quantitative information which is reasonable and supportable. In particular, the following information was considered:

- Actual or expected deterioration in the financial instrument's external credit rating, and,
- Existing or forecasted adverse changes in the business, financial or economic conditions that are expected to cause a significant decrease in the holding company's ability to meet its obligations.

Expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets.

- Stage 1 assets are considered performing. Credit risk has not increased significantly since initial recognition.
- Stage 2 assets are considered underperforming as credit risk has increased significantly since initial recognition but are not credit impaired.
- Stage 3 assets are considered as nonperforming and credit impaired.

In the current year, the company assessed the credit risk relating to the holding company loan as low. The asset has an external credit rating of 'investment grade' in accordance with ratings from a global institution.' The loan has therefore been assessed to be in stage 1, and the resultant ECL represents a 12-month expected credit loss.

18 Financial risk management continued

18.1 Credit risk continued

18.1.1 Financial assets subject to credit risk

The credit risk grades for the Company's financial assets subject to credit risk are as follows:

	Loan to holding company R	Trade and other receivables* R	Total R
2023			
Stage 1	**457 857 220**	**–**	**457 857 220**
Stage 2	**–**	**–**	**–**
Stage 3	**–**	**–**	**–**
Impairment allowance **	**(1 831 431)**	**–**	**(1 831 431)**
Performing loans	**(1 831 431)**	**–**	**(1 831 431)**
Under-performing loans	**–**	**–**	**–**
Non-performing loans	**–**	**–**	**–**
Carrying value of financial assets	**456 025 789**	**–**	**456 025 789**

* *Trade and other receivables of R55 718 on the statement of financial position relate to prepayments. Prepayments are not financial assets and have therefore been excluded from the disclosure above.*

** *Refer to note 18.1.2 for a reconciliation of the impairment provision.*

	Loan to holding company R	Trade and other receivables* R	Total R
2022**			
Stage 1	456 346 889	–	456 346 889
Stage 2	–	–	–
Stage 3	–	–	–
Impairment allowance ***	(1 369 041)	–	(1 369 041)
Performing loans	(1 369 041)	–	(1 369 041)
Under-performing loans	–	–	–
Non-performing loans	–	–	–
Carrying value of financial assets	454 977 848	–	454 977 848

* *Trade and other receivables of R60 448 on the statement of financial position relate to prepayments. Prepayments are not financial assets and have therefore been excluded from the disclosure above.*

** *The wording used in the prior year to reflect the staging of the loans and advances has been amended in the current year. The amendment constituted only a change in wording used to enhance disclosure and align to IFRS 9. There is no restatement of the figures previously disclosed.*

*** *Refer to note 18.1.2 for a reconciliation of the impairment provision.*

18 Financial risk management continued

18.1 Credit risk continued

18.1.2 Impairment provision reconciliation

	12 month expected credit losses R	Lifetime expected credit losses R	Credit impaired financial assets R	Total R
2023				
Balance at the beginning of the year	**1 369 041**	–	–	**1 369 041**
Impairment recognised in profit or loss	**462 390**	–	–	**462 390**
Balance at the end of the year	**1 831 431**	–	–	**1 831 431**
2022				
Balance at the beginning of the year	–	–	–	–
Impairment recognised in profit or loss	**1 369 041**	–	–	**1 369 041**
Balance at the end of the year	**1 369 041**	–	–	**1 369 041**

18.2 Interest rate risk

Interest rate risk is the risk of loss arising from changes in the fair value or future cash flows of a financial instrument as a result of movement in market interest rates.

The company is exposed to interest rate risk associated with the effects of fluctuations in the prevailing levels of market rates on future cash flows of a financial instrument and the fair value of the financial instrument based on changes in market interest rates.

18.2.1 Risk profile of financial assets and liabilities

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.

	Floating rate liabilities R	Floating rate assets R	Net floating rate (liabilities)/ assets R
2023	**(457 249 624)**	**462 224 014**	**4 974 390**
Total	**(457 249 624)**	**462 224 014**	**4 974 390**
2022	(455 588 162)	456 108 838	520 676
Total	(455 588 162)	456 108 838	520 676

18.2.2 Weighted average interest rates

The table below summarises the weighted interest rate of bank balances and borrowings.

	2023		2022	
	Bank balances %	Borrowings %	Bank balances %	Borrowings %
Total	**6,88**	**10,37**	6,98	7,24

18 Financial risk management continued

18.2 Interest rate risk continued

18.2.3 Interest rate sensitivity analysis

The company's exposure to interest rate risks is set out below:

	Effect on profit before tax of 1% change in rates R	Total carrying value of assets and liabilities R
30 September 2023		
Assets		
Cash and cash equivalents	**61 982**	**6 198 225**
Loan to holding company	**4 560 258**	**456 025 789**
Total	**4 622 240**	**462 224 014**
Liabilities		
Interest-bearing liabilities	**4 572 496**	**457 249 624**
Total	**4 572 496**	**457 249 624**
Net exposure	**49 744**	**4 974 390**

	Effect on profit before tax of 1% change in rates R	Total carrying value of assets and liabilities R
30 September 2022		
Assets		
Cash and cash equivalents	11 310	1 130 990
Loan to holding company	4 549 778	454 977 848
Total	4 561 088	456 108 838
Liabilities		
Interest-bearing liabilities	4 555 882	455 588 162
Total	4 555 882	455 588 162
Net exposure	5 207	520 676

The company uses a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous change in market interest rates. 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 company is mainly exposed to fluctuations in the following 3 month JIBAR plus rate. The sensitivity that is applied is the amount that could reasonably be expected to occur, and has been determined as 1% (100 basis points) up or down. 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.

18 Financial risk management continued

18.3 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's objectives in relation to liquidity risk are to manage the contractual mismatch between cash inflows from assets and cash outflows to settle liabilities, to fund the expected balance sheet growth, to honour all cash outflow commitments, to avoid raising funds at market premiums or through the forced sale of assets as a result of liquidity pressure and to take advantage of attractive but unanticipated borrowing opportunities.

The Transaction Capital group's capital markets (CM) team is responsible for executing on fund raising mandates given to it by the company. This includes the ongoing assessment and evaluation of various funding sources designed to grow and diversify the group's funding base to achieve an optimal funding profile and sound liquidity.

The CM team is also responsible for the ongoing monitoring of asset portfolio performance and its obligations to funders, including covenants. Over several years, the CM team has developed strong relationships with funders and ensures equitable treatment of all funder partners.

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, borrowing facilities under discussion, maturity profile and concentration of liability by counterparty, asset maturities and borrowing facility obligations and special conditions.

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

	Carrying amount R	Total R	On demand R	Within 1 year R	From 1-2 years R	From 2-3 years R	From 3-4 years R	From 4-5 years R
2023								
Liabilities								
Trade and other payables	**139 136**	**139 136**	**139 136**	**–**	**–**	**–**	**–**	**–**
Loan from holding company	**7 039 161**	**7 039 161**	**7 039 161**	**–**	**–**	**–**	**–**	**–**
Interest-bearing liabilities	**457 249 624**	**587 533 678**	**–**	**52 673 027**	**250 324 092**	**28 768 006**	**255 768 553**	**–**
Financial liabilities	**464 427 921**	**594 711 975**	**7 178 297**	**52 673 027**	**250 324 092**	**28 768 006**	**255 768 553**	**–**
Non-financial liabilities	**46 985**	**46 985**	**46 985**	**–**	**–**	**–**	**–**	**–**
Total liabilities	**464 474 906**	**594 758 960**	**7 225 282**	**52 673 027**	**250 324 092**	**28 768 006**	**255 768 553**	**–**

	Carrying amount R	Total R	On demand R	Within 1 year R	From 1-2 years R	From 2-3 years R	From 3-4 years R	From 4-5 years R
2022*								
Liabilities								
Group loans	5 762 194	5 762 194	5 762 194	–	–	–	–	–
Interest-bearing liabilities	455 588 162	617 186 714	–	45 156 054	51 181 077	243 326 637	29 551 177	247 971 769
Financial liabilities	461 350 356	622 948 908	5 762 194	45 156 054	51 181 077	243 326 637	29 551 177	247 971 769
Non-financial liabilities	108 775	108 775	108 775	–	–	–	–	–
Total liabilities	461 459 131	623 057 683	5 870 969	45 156 054	51 181 077	243 326 637	29 551 177	247 971 769

* *The maturity analysis as presented in the prior year has been amended by further disaggregating the categories that were previously shown. Comparatives have further been restated to correctly reflect the amounts payable within 1 year.*

18 Financial risk management continued

18.6 Fair value disclosure

Fair values are the prices that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date.

The best evidence of the fair value of a financial instrument at the initial recognition is the transaction price (i.e., the fair value of the consideration given or received) unless the fair value of that instrument is evidence by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The method of determining the fair value of financial instruments is analysed into the following categories:

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

Level 2 Valuation techniques using market observable inputs, including:

- 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.

Level 3 Valuation techniques, as described for level 2 above, for which not all inputs are market observable prices or rates. Such a financial instruments is initially recognised at the transaction price, which is 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 or 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 settlements.

18 Financial risk management continued

18.6 Fair value disclosure continued

The following table represents the fair values of financial instruments not carried at fair value on statement of financial position but for which fair value is required to be disclosed for all other financial instruments, the carrying value is equal to a reasonable approximation of fair value.

2023	Carrying value R	Total fair value R	Level 1 R	Level 2 R	Level 3 R
Assets					
Loan to group company	–	–	–	–	–
Loan to holding company	**456 025 789**	**456 025 789**	–	–	**456 025 789**
Total	**456 025 789**	**456 025 789**	–	–	**456 025 789**
Liabilities					
Interest-bearing liabilities	**457 249 624**	**459 855 224**	–	–	**459 855 224**
Floating rate liabilities	**457 249 624**	**459 855 224**	–	–	**459 855 224**
Group loans	**7 039 161**	**7 039 161**	–	–	**7 039 161**
Total	**464 288 785**	**466 894 385**	–	–	**466 894 385**
Net exposure	**(8 262 996)**	**(10 868 596)**	–	–	**(10 868 596)**

2022	Carrying value R	Total fair value R	Level 1 R	Level 2 R	Level 3 R
Assets					
Loan to group company	1 640 000	1 640 000	–	–	1 640 000
Loan to holding company	454 977 848	454 977 848	–	–	454 977 848
Total	456 617 848	456 617 848	–	–	456 617 848
Liabilities					
Interest-bearing liabilities	455 588 162	456 565 162	–	–	456 565 162
Floating rate liabilities	455 588 162	456 565 162	–	–	456 565 162
Group loans	5 762 194	5 762 194	–	–	5 762 194
Total	461 350 356	462 327 356	–	–	462 327 356
Net exposure	(4 732 508)	(5 709 508)	–	–	(5 709 508)

The loan to the holding company, which is at a variable interest rate, approximates fair value as the estimated future cash flows are already considered in the expected credit loss model.

The fair value of interest-bearing liabilities is based on future cash flows, discounted using a forward rate curve plus a valuation margin. The valuation margin is a consensus margin at which deals with similar remaining cash profiles could be secured in the market at the valuation date.

18 Financial risk management continued

18.7 Statement of financial position categories

	Financial assets carried at amortised cost R	Financial liabilities carried at amortised cost R	Non financial liabilities or non financial assets R	Equity R	Total R
2023					
Assets					
Cash and cash equivalents	**6 198 225**	**–**	**–**	**–**	**6 198 225**
Trade and other receivables	**–**	**–**	**55 718**	**–**	**55 718**
Loan to holding company	**456 025 789**	**–**	**–**	**–**	**456 025 789**
Total assets	**462 224 014**	**–**	**55 718**	**–**	**462 279 732**
Equity and liabilities					
Group loans	**–**	**7 039 161**	**–**	**–**	**7 039 161**
Tax payable	**–**	**–**	**12 445**	**–**	**12 445**
Trade and other payables	**–**	**139 136**	**34 540**	**–**	**173 676**
Interest-bearing liabilities	**–**	**457 249 624**	**–**	**–**	**457 249 624**
Total liabilities	**–**	**464 427 921**	**46 985**	**–**	**464 474 906**
Equity					
Ordinary share capital	**–**	**–**	**–**	**100**	**100**
Retained earnings	**–**	**–**	**–**	**(2 195 274)**	**(2 195 274)**
Equity attributable to ordinary equity holders of the parent	**–**	**–**	**–**	**(2 195 174)**	**(2 195 174)**
Total equity	**–**	**–**	**–**	**(2 195 174)**	**(2 195 174)**
Total equity and liabilities	**–**	**464 427 921**	**46 985**	**(2 195 174)**	**462 279 732**

	Financial assets carried at amortised cost R	Financial liabilities carried at amortised cost R	Non-financial liabilities or financial assets R	Equity R	Total R
2022					
Assets					
Cash and cash equivalents	1 130 990	–	–	–	1 130 990
Trade and other receivables	–	–	60 448	–	60 448
Loan to group company	1 640 000	–	–	–	1 640 000
Loan to holding company	454 977 848	–	–	–	454 977 848
Total assets	457 748 838	–	60 448	–	457 809 286
Equity and liabilities					
Group loans	–	5 762 194	–	–	5 762 194
Trade and other payables	–	–	108 775	–	108 775
Interest-bearing liabilities	–	455 588 162	–	–	455 588 162
Total liabilities	–	461 350 356	108 775	–	461 459 131
Equity					
Ordinary share capital	–	–	–	100	100
Retained earnings	–	–	–	(3 649 945)	(3 649 945)
Equity attributable to ordinary equity holders of the parent	–	–	–	(3 649 845)	(3 649 845)
Total equity	–	–	–	(3 649 845)	(3 649 845)
Total equity and liabilities	–	461 350 356	108 775	(3 649 845)	457 809 286

19 Going concern

The annual financial statements were prepared on a going concern basis. Based on their assessment, the directors have assessed the company's ability to continue as a going concern and have noted that as at 30 September 2023 the company's liabilities exceed its assets by R2 195 174. The company's holding company Transaction Capital Limited has undertaken to subordinate it's loan receivable from the company in favour of other creditors. On this basis the directors have satisfied themselves that the entity has sufficient borrowing facilities and technical financial support to continue in operation for the foreseeable future. A subordination agreement to this effect has been provided. Debt taken on in respect to the securitisation notes has been guaranteed by Transaction Capital Limited.

20 Subsequent events

No events which would have a material impact on either the financial position or operating results of the company have taken place between 30 September 2023 and the date of release of this report.

Administration

Company registration number
2016/130129/06

Executive Directors
D Hurwitz (Chief Executive Officer)
M Herskovits (Chief Investment Officer)
S Samjowan (Chief Financial Officer)

Company Secretary and Registered office
Lisa Lill
The Bank,
12th Floor
24 Cradock and Tyrwhitt Avenue
Rosebank, 2196
(PO Box 41888, Rosebank, 2196)

Debt Sponsor
Rand Merchant Bank (a division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

Independent Auditor
Deloitte & Touche
(Practice number 902276)
Deloitte
5 Magwa Crescent
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Transaction Capital