Transaction Capital

TRANSCAPITAL INVESTMENTS LIMITED AUDITED ANNUAL FINANCIAL STATEMENTS

2021

For the year ended 30 September

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

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors of Transcapital Investments Limited (Transcap Investments) 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 Transcap Investments 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.

D Hurwitz

DAVID HURWITZ
Chief executive officer

S Doherty

SEAN DOHERTY
Chief financial officer

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

COMPANY SECRETARY'S CERTIFICATE

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 2021, and that all such returns and notices appear to be true, correct and up to date.

S Nayger

SHARON NAYGER
Company secretary

16 November 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 36.

Holding company

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

AUDIT COMMITTEE REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The audit function, social and ethics and risk and technology functions are carried out by Transaction Capital Limited as provided for in section 94(2) and regulation 43(2) of the Companies Act. 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 board.

Composition

At 30 September 2021, 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.

The remit of the audit committee changed through the financial year as the Board recognised the need for increased time and focus on technology, data and the management of the risks inherent in these items as Transaction Capital's business have become increasingly driven by fintech. This action is in line with global best practice trends for fintech businesses. This change took place on 2 September 2021 and therefore for 11 months of the 2021 financial year the audit committee had responsibility over what is now constituted through an audit committee and a risk and technology committee.

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

- Diane Radley (chairman)
- Buhle Hanise
- Suresh Kana (appointed with effect from 1 November 2020)
- Ian Kirk (appointed with effect from 1 November 2020)

Christopher Seabrooke resigned as a member of the audit committee with effect from 1 November 2020 but remains a permanent invitee.

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 chairman and an administrative reporting line to the chief financial officer.

The effectiveness of the audit committee and its members is assessed 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 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 report; 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, but at least every six years, 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; and
- 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.

AUDIT COMMITTEE REPORT *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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;
  - Oversee matters relating to accounting practices, internal control, content or audit of the financial statements, internal financial controls and any related matters;
  - 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.

REQUIREMENTS OF THE 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 are acceptable and it recommends their re-appointment in 2022; 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 and Debt Listings Requirements.

The CEO, CFO and internal auditors 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. The CEO and CFO's evaluation of controls included:

- The identification and classification of risks including the determination of materiality.
- Testing the design and determining the implementation of controls addressing high and low risk areas.
- Utilising internal audit to test the operating effectiveness of controls addressing high risk areas.
- Obtaining control declarations from divisional managers on the operating effectiveness of all controls on a quarterly basis.
- A formal remediation plan has been developed to address control deficiencies identified. Remedial actions are planned to be completed in stages. The audit committee has discussed and documented the basis for its conclusion, which includes discussions with internal and external auditors as well as management.

AUDIT COMMITTEE REPORT *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 has satisfied itself to the risk management processes within the group and the effectiveness thereof.

EXTERNAL AUDIT

The external auditors, Deloitte & Touche, have been the auditors of the group for 13 years, with Stephen Munro acting as engagement partner for two years. The audit committee has satisfied itself through enquiry and representation that the auditors of the group are independent as defined by the Act.

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 30 to the consolidated annual financial statements. In addition, the audit committee has approved a policy for non-audit services provided by the external auditors and is comfortable that non-audit services performed during the year have been reasonable, and do not impact 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. The audit committee has requested the information detailed in paragraph 22.15(h) of Section 22 of the JSE Limited Listings Requirements in their assessment of the suitability of the external auditor.

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 will be subject to an independent quality review in 2022. The previous review was performed in 2016 and the function was found to generally conform to the International Standards for the Professional Practice of Internal Auditing with no material findings being noted.

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; and
- Received and considered reports from the internal auditors.

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 chairman

16 November 2021

RISK AND TECHNOLOGY COMMITTEE REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The risk and technology committee was formed on 2 September 2021.

At 30 September 2021, the risk and technology committee (the 'committee') comprised of the following members who were all appointed to the committee on 2 September 2021 and are all independent:

- Ian Kirk (chairman)
- 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 set out therein.

The committee was established to assist the board in ensuring that Transaction Capital Limited is, and remains a good and responsible corporate citizen through performance of 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;
- 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;
- Express the Committee's opinion to the board on the effectiveness of the system and process of risk management; and
- Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.
- Oversee the management of:
  - Information and technology risks;
  - 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

16 November 2021

SOCIAL AND ETHICS COMMITTEE REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

At 30 September 2021, the social and ethics committee (the 'committee') comprised of the following members:

- Suresh Kana (chairman) (appointed as committee member with effect from 1 November 2020, and appointed as chair of the committee with effect from 1 October 2021)
- David Hurwitz
- Kuben Pillay
- Roberto Rossi
- Albertina Kekana (appointed with effect from 1 October 2021)

Phumzile Langeni resigned as a non-executive director and as chair of the social and ethics committee with effect from 30 September 2021.

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 Transaction Capital is and remains a good and responsible corporate citizen, and to perform the statutory functions required of a social and ethics 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;
- Staff wellness and mental wealth.

Conclusion

Transaction Capital 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
Social and ethics committee chairman

16 November 2021

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Board of directors

The names of the directors in office at the date of this report are set out on page 36.

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 TransCapital Investments Limited (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, 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.

CORPORATE GOVERNANCE REPORT *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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.

In terms of the JSE 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

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

PRIMARY ROLES AND RESPONSIBILITIES	**1 Leadership**
PRINCIPLES	The governing body should lead ethically and effectively.
STATUS	Apply
COMMENT	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 the group, including TransCapital Investments. The board directs strategy with reference to the group's values and ethics charter, to ensure the group consistently delivers shared value outcomes for all stakeholders. The group'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 and a Conflicts of Interest Policy in place.
PRIMARY ROLES AND RESPONSIBILITIES	**2 Organisational ethics**
PRINCIPLES	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.
STATUS	Apply
COMMENT	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. 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 and ethics committee.

CORPORATE GOVERNANCE REPORT *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Compliance with King IV continued

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP continued

PRIMARY ROLES AND RESPONSIBILITIES	3 Responsible corporate citizenship
PRINCIPLES	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.
STATUS	Apply
COMMENT	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's business model operationalises our commitment to sustainable and inclusive growth of the industries we serve through positive social impact. Our shared-value approach enables us to achieve our commercial objectives, driven by highly competitive value propositions that support our customers' profitability, while creating broader stakeholder value by focusing on under-served market segments and contributing to the effective functioning and sustainability of our divisions' respective industries. Ultimate responsibility for corporate citizenship lies with the Transaction Capital Limited board, with oversight vested in its social and ethics committee and Audit committee. The principles of responsible corporate citizenship underpin all key aspects of the business. Through its various sub-committees, the board oversees and monitors how the group's operations and activities affect its corporate citizenship status.

STRATEGY, PERFORMANCE AND REPORTING

PRIMARY ROLES AND RESPONSIBILITIES	4 Strategy and performance
PRINCIPLES	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.
STATUS	Apply
COMMENT	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 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 considered and approved by the board prior to being issued.

CORPORATE GOVERNANCE REPORT continued

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Compliance with King IV continued

STRATEGY, PERFORMANCE AND REPORTING continued

PRIMARY ROLES AND RESPONSIBILITIES	5 Reporting
PRINCIPLES	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.
STATUS	Apply
COMMENT	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 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 considered and approved by the board prior to being issued.

GOVERNING STRUCTURES AND DELEGATION

PRIMARY ROLES AND RESPONSIBILITIES	6 Primary role and responsibilities of the governing body
PRINCIPLES	The governing body should serve as the focal point and custodian of corporate governance in the organisation.
STATUS	Apply
COMMENT	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 and ethics 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. 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 2021, 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 and a Conflicts of Interest Policy in place.

CORPORATE GOVERNANCE REPORT *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Compliance with King IV continued

GOVERNING STRUCTURES AND DELEGATION continued

PRIMARY ROLES AND RESPONSIBILITIES	7 Composition of the governing body
PRINCIPLES	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.
STATUS	Apply
COMMENT	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 and ethics 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. 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 2021, 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 and a Conflicts of Interest Policy in place.

PRIMARY ROLES AND RESPONSIBILITIES	8 Committees of the governing body
PRINCIPLES	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.
STATUS	Apply
COMMENT	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.

PRIMARY ROLES AND RESPONSIBILITIES	9 Evaluations of the performance of the governing body
PRINCIPLES	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.
STATUS	Apply
COMMENT	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.

CORPORATE GOVERNANCE REPORT *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Compliance with King IV continued

GOVERNING STRUCTURES AND DELEGATION continued

PRIMARY ROLES AND RESPONSIBILITIES	10 Appointment and delegation to management
PRINCIPLES	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.
STATUS	Apply
COMMENT	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

PRIMARY ROLES AND RESPONSIBILITIES	11 Risk
PRINCIPLES	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.
STATUS	Apply
COMMENT	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 ALCO in governing risk in a way that supports the group's strategic objectives and the creation of value. The company does not have any employees and all its functions have been outsourced to its holding company. Information and technology is 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. The 2021 review of information and technology strategy included an enhanced focus on cybersecurity and connectivity for the group's distributed workforce in response to COVID-19. 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. In 2021, these systems and processes were proven to be effective in light of the COVID-19 pandemic. 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. General cybersecurity measures are in place in both divisions.

CORPORATE GOVERNANCE REPORT *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Compliance with King IV continued

GOVERNANCE OF FUNCTIONAL AREAS continued

PRIMARY ROLES AND RESPONSIBILITIES	12 Technology and information
PRINCIPLES	The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.
STATUS	Apply
COMMENT	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 ALCO in governing risk in a way that supports the group's strategic objectives and the creation of value. The company does not have any employees and all its functions have been outsourced to its holding company. Information and technology is 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. The 2021 review of information and technology strategy included an enhanced focus on cybersecurity and connectivity for the group's distributed workforce in response to COVID-19. 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. In 2021, these systems and processes were proven to be effective in light of the COVID-19 pandemic. 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. General cybersecurity measures are in place in both divisions.

CORPORATE GOVERNANCE REPORT *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Compliance with King IV continued

GOVERNANCE OF FUNCTIONAL AREAS continued

PRIMARY ROLES AND RESPONSIBILITIES	13 Compliance
PRINCIPLES	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.
STATUS	Apply
COMMENT	The company does not have any employees and all its functions have been outsourced to its holding company. The risk and technology committee and the social and ethics committee are responsible for compliance oversight. Board processes 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.

PRIMARY ROLES AND RESPONSIBILITIES	14 Remuneration
PRINCIPLES	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.
STATUS	N/A
COMMENT	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.

PRIMARY ROLES AND RESPONSIBILITIES	15 Assurance
PRINCIPLES	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.
STATUS	Apply
COMMENT	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.

CORPORATE GOVERNANCE REPORT continued

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Compliance with King IV continued

STAKEHOLDER RELATIONSHIPS

PRIMARY ROLES AND RESPONSIBILITIES	16 Stakeholders
PRINCIPLES	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.
STATUS	Apply
COMMENT	Stakeholder engagement is reported on at the holding company's board and social and ethics committee. The holding company board, through the social and ethics 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.

PRIMARY ROLES AND RESPONSIBILITIES	17 Institutional investors
PRINCIPLES	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.
STATUS	Apply
COMMENT	The company is not an institutional investor.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

To the Shareholders of TransCapital Investments Limited

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 36, which comprise the statement of financial position as at 30 September 2021 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the 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 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 Separate 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' (IESBSA) 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate 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 2021 audit, we have not identified any key audit matters.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises Statement of Directors' Responsibility and Approval, the Company Secretary's Certificate, the Directors' Report, the Audit Committee Report, the Risk and Technology Committee Report the Social and Ethics Committee Report, as well as, the Corporate Governance Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

INDEPENDENT AUDITOR'S REPORT *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 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.

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 6 years.

Deloitte & Touche

DELOITTE & TOUCHE
Registered Auditor
Per: Stephen Munro
Partner

16 November 2021
5 Magwa Crescent, Waterfall City, Waterfall

STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2021

	Notes	2021 R	2020 R
Assets			
Cash and cash equivalents	5	**18 842**	43 547
Trade and other receivables	6	**57 570**	54 311
Loans to group companies		**800 000**	–
Deferred tax assets	7	**–**	863 969
		876 412	961 827
TOTAL ASSETS		**876 412**	961 827
Equity			
Ordinary share capital	9	**100**	100
Retained earnings		**(3 924 055)**	(3 036 192)
TOTAL EQUITY		**(3 923 955)**	(3 036 092)
Liabilities			
Trade and other payables	8	**6 608**	13 842
Loans from group companies		**4 793 759**	3 984 077
		4 800 367	3 997 919
TOTAL LIABILITIES		**4 800 367**	3 997 919
TOTAL EQUITY AND LIABILITIES		**876 412**	961 827

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 R	2020 R
Interest income	11	**433**	566
NET INTEREST INCOME	11	**433**	566
Non-interest revenue		**800 000**	–
Operating costs	12	**(823 663)**	(717 479)
LOSS BEFORE TAX		**(23 230)**	(716 913)
Income tax expense	13	**(864 633)**	200 736
LOSS FOR THE YEAR		**(887 863)**	(516 177)
Other comprehensive income		**–**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(887 863)**	(516 177)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Number of ordinary shares	Share capital R	Retained earnings R	Total equity R
BALANCE AT 30 SEPTEMBER 2019	100	100	(2 520 015)	(2 519 915)
Total comprehensive income	–	–	(516 177)	(516 177)
Loss for the year	–	–	(516 177)	(516 177)
Other comprehensive income	–	–	–	–
BALANCE AT 30 SEPTEMBER 2020	**100**	**100**	**(3 036 192)**	**(3 036 092)**
Total comprehensive income	**–**	**–**	**(887 863)**	**(887 863)**
Loss for the year	**–**	**–**	**(887 863)**	**(887 863)**
Other comprehensive income	**–**	**–**	**–**	**–**
Transfer to retained earnings	**–**	**–**	**–**	**–**
BALANCE AT 30 SEPTEMBER 2021	**100**	**100**	**(3 924 055)**	**(3 923 955)**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 R	2020 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated by operations	14	**(23 663)**	(717 479)
Interest received	14	**433**	566
Income taxes paid		**(664)**	–
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING ASSETS AND WORKING CAPITAL		**(23 894)**	(716 913)
CHANGES IN WORKING CAPITAL		**(10 493)**	2 330
(Increase) in trade and other receivables		**(3 259)**	(4 937)
Increase/(Decrease) in trade and other payables		**(7 234)**	7 267
NET CASH UTILISED BY OPERATING ACTIVITIES		**(34 387)**	(714 583)
CASH FLOW FROM INVESTING ACTIVITIES			
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/in loans from group companies		**9 682**	712 746
NET CASH GENERATED BY FINANCING ACTIVITIES		**9 682**	712 746
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(24 705)**	(1 837)
Cash and cash equivalents at the beginning of the year	5	**43 547**	45 384
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	5	**18 842**	43 547

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 Limited Debt Listings Requirements.

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

Reference to the current maturities of these 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 thousands of 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.

3 Cash flow accounting policy

The company directs other entities within the group to collect amounts due and settle liabilities on its behalf. In these instances the other group entities act as agents on behalf of TransCap Investments. Per IAS 7:43 the company has elected to report the underlying cash flows as operating, investing or financing cashflows according to their nature, as a principal. This is as Transcap Investments has a right to the cash inflows and/or obligation to settle liabilities, although it makes use of other group entities as agents to do so.

4 Changes in accounting policies and disclosures

The accounting policies applied in the preparation of the financial statements are 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.

IMPACT OF THE INITIAL APPLICATION OF INTEREST RATE BENCHMARK REFORM AMENDMENTS TO IFRS 9 AND IFRS 7

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The interest rate benchmark reform amendments have not had a material impact on the amounts reported in the annual financial statements.

AMENDMENTS TO IFRS 3 DEFINITION OF A BUSINESS

The company has adopted the amendments to IFRS 3 for the first time in the current financial year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

The adoption of the IFRS 3 definition of a business has not had a material impact on the amounts reported in the annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

4 Changes in accounting policies and disclosures continued

AMENDMENTS TO IAS 1 – PRESENTATION OF FINANCIAL STATEMENTS AND IAS 8 – ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS DEFINITION OF MATERIALITY

The company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current financial year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

The adoption of the amendments to the IAS 1 and IAS 8 definition of materiality has not had any material impact on the disclosure or on the amounts reported in the annual financial statements.

AMENDMENTS TO IFRS 16 – COVID-19 RELATED CONCESSIONS EXTENDED BEYOND 30 JUNE 2021

The company has adopted the amendment to extend the availability of the practical expedient so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. This is the only change made to the practical expedient.

The adoption of the amendment to the IFRS 16 extension of the practical expedient has not had any material impact on the disclosure or on the amounts reported in the annual financial statements.

NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the IASB adds to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendment is effective for the financial year ending 30 September 2023. The amendment is not expected to have a material impact on the group's consolidated annual financial statements.

PROPERTY, PLANT AND EQUIPMENT – PROCEEDS BEFORE INTENDED USE (AMENDMENTS TO IAS 16)

The IASB decided to amend IAS 16 to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 – Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendment is effective for the financial year ending 30 September 2023. The amendment is not expected to have a material impact on the annual financial statements.

ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT (AMENDMENTS TO IAS 37)

The IASB decided to amend IAS 37 by specifying that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendment is effective for the financial year ending 30 September 2023. The amendment is not expected to have a material impact on the annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2021

4 Changes in accounting policies and disclosures continued

DISCLOSURE OF ACCOUNTING POLICIES (AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendment is effective for the financial year ending 30 September 2024. The amendment is not expected to have a material impact on the annual financial statements.

DEFINITION OF ACCOUNTING ESTIMATES (AMENDMENTS TO IAS 8)

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". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendment is effective for the financial year ending 30 September 2024. The amendment is not expected to have a material impact on the financial statements.

DEFERRED TAX RELATING TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION (AMENDMENTS TO IAS 12)

The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

The amendment is effective for the financial year ending 30 September 2024. The amendment is not expected to have a material impact on the annual financial statements.

Annual improvements to IFRS standards 2018-2020:

The annual improvements applicable for the 2018-2020 cycle include amendments to certain standards, the amendments applicable to the company are:

Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9)

IFRS 9 requires an entity to derecognise a financial liability and recognise a new financial liability when there is an exchange between an existing borrower and the lender of debt instruments with substantially different terms (including a substantial modification of the terms of an existing financial liability or part of it). The terms are substantially different if the discounted present value of the remaining cash flows under the new terms are at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability ('10 per cent' test). The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is effective for the financial year ending 30 September 2023. The amendment is not expected to have a material impact on the annual financial statements.

	2021 R	2020 R
5 Cash and cash equivalents		
Bank balances	**18 842**	43 547
TOTAL CASH AND CASH EQUIVALENTS	**18 842**	43 547
Bank overdrafts	**–**	–
NET CASH AND CASH EQUIVALENTS	**18 842**	43 547
6 Trade and other receivables		
Prepayments	**57 570**	54 311
TOTAL TRADE AND OTHER RECEIVABLES	**57 570**	54 311

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

7 Deferred tax asset

Deferred tax is calculated using the liability method.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- The initial recognition of goodwill; or
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- The company is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated using taxation rates that have been enacted or substantially enacted at financial year-end.

The effect on deferred tax of any changes in taxation rates is charged to profit or loss, except to the extent that it relates to items previously charged or credited directly to equity in which case the deferred tax is charged to equity.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which the associated tax-deductible temporary differences can be utilised.

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

	2021 R	2020 R
Deferred tax is presented in the statement of financial position as follows:		
Deferred tax assets	–	863 969
	–	863 969
The movements during the year are analysed as follows:		
Balance at the beginning of the year	**863 969**	663 234
Recognised in the income statement for the year	**(864 633)**	200 735
Prior year adjustment	**664**	–
DEFERRED TAX ASSET AT THE END OF THE YEAR	–	863 969

Deferred tax assets have only been recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. In the current year, the unutilised assessed loss of R864 633 has been impaired. The unrecognised balance remains available to be utilised against future taxable profits. The assessments are performed on a continuous basis and if required the deferred tax asset is impaired.

	Opening balance R	Charged to income statement R	Prior year adjustment R	Closing balance R
2021				
TEMPORARY DIFFERENCE				
Assessed loss unutilised	**863 969**	**(864 633)**	**–**	**(664)**
Other	**–**	**–**	**664**	**664**
TOTAL	**863 969**	**(864 633)**	**664**	**–**

	Opening balance Restated R	Charged to income statement Restated R	Closing balance Restated R
2020			
TEMPORARY DIFFERENCE			
Assessed loss unutilised	663 234	200 735	863 969
TOTAL	663 234	200 735	863 969

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

		2021 R	2020 R
8	**Trade and other payables**		
	Trade payables and accruals	**6 608**	13 842
	TRADE AND OTHER PAYABLES	**6 608**	13 842

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.

		2021 R	2020 R
9	**Ordinary share capital**		
	AUTHORISED		
	1 000 Ordinary shares		
	ISSUED		
	100 (2020: 100) Ordinary shares	**100**	100
	ORDINARY SHARE CAPITAL	**100**	100

All issued shares are paid up.

10 Revenue recognition

10.1 GENERAL POLICY

Revenue is measured based on the consideration specified based on a 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.

10.2 SALE OF GOODS AND RENDERING OF SERVICES

The recognition of revenue from the sale of goods and the rendering of services is included in the table below for each significant source of revenue.

Product and service	Nature, timing of satisfaction of performance obligations
Secretarial Services	Secretarial Services were provided at specific points within the financial periods. Revenue was recognised as the performance obligation was met and the services provided to the client.

		2021 R	2020 R
10.3	**NON-INTEREST REVENUE**		
	Non-interest revenue comprises:		
	Management fees	**800 000**	–
	TOTAL NON-INTEREST REVENUE	**800 000**	–
11	**Interest income and expense**		
	INTEREST IS EARNED ON:		
	Cash and cash equivalents	**433**	566
	TOTAL INTEREST INCOME	**433**	566
12	**Operating costs**		
	OPERATING COSTS COMPRISE:		
	Audit fees	**(6 229)**	(7 267)
	Bank charges	**(85 138)**	(122 403)
	Consulting fees	**(5 083)**	(4 784)
	Listing fees	**(325 217)**	(212 308)
	Professional fees – other	**(396 750)**	(365 700)
	Secretarial fees	**(5 246)**	(5 017)
	TOTAL OPERATING COSTS	**(823 663)**	(717 479)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021

12 Operating costs continued

EXECUTIVE COMPENSATION

EXECUTIVE DIRECTORS' REMUNERATION

The below disclosed director emoluments are paid from Transaction Capital Limited for services provided as directors across the group.

The following table shows a breakdown of the annual remuneration (excluding share awards) of directors for the year ended 30 September 2021:

	2021				
	Salary R	Short-term employee benefits* R	Present value of share-based awards** R	Annual incentive bonus R	Total R
Executive director					
Sean Doherty	**2 569 551**	**480 966**	**3 059 330**	**2 250 000**	**8 359 847**
Mark Herskovits	**2 613 202**	**540 933**	**2 924 343**	**2 326 430**	**8 404 908**
David Hurwitz	**5 110 619**	**627 550**	**4 278 339**	**5 958 333**	**15 974 841**
TOTAL	**10 293 372**	**1 649 449**	**10 262 012**	**10 534 763**	**32 739 596**

	2020				
	Salary R	Short-term employee benefits* R	Present value of share-based awards** R	Annual incentive bonus R	Total R
Executive director					
Sean Doherty	2 371 092	454 409	2 267 200	–	5 092 701
Mark Herskovits	2 409 396	488 010	3 013 986	–	5 911 392
David Hurwitz	3 862 323	599 835	4 635 135	–	9 097 293
TOTAL	8 642 811	1 542 254	9 916 321	–	20 101 386

* *There were no post employment, other long-term or post termination benefits paid to executive directors.*
** *Value of the share-based awards made during the financial year*

Conditional Share Plan (CSP)

The following table shows the position for directors in office at 30 September 2021:

	Component	Present value of CSP R	Number of CSPs	Vesting periods (years)	Number of CSPs	Gain on CSPs exercised R
Executive director						
David Hurwitz						
Granted on 22 November 2016	Group	382 007	30 759	2 to 4	–	–
Granted on 22 November 2017	Group	1 414 535	113 680	2 to 5	–	–
Granted on 20 November 2018	Group	2 990 230	183 554	2 to 5	–	–
Granted on 26 November 2019	Group	3 632 316	191 007	3 to 5	–	–
Granted on 24 November 2020	Group	4 635 135	255 192	3 to 5	–	–
Granted on 16 November 2021	Group	4 754 750	–	–	–	–
Mark Herskovits						
Granted on 22 November 2016	Group	326 791	26 313	2 to 4	–	–
Granted on 29 May 2017	SA Taxi	–	–	2 to 4	164 824	2 547 166
Granted on 22 November 2017	Group	712 693	57 276	2 to 5	–	–
Granted on 20 November 2018	Group	1 493 535	91 680	2 to 5	–	–
Granted on 26 November 2019	Group	1 615 142	84 933	3 to 5	–	–
Granted on 24 November 2020	Group	3 013 986	165 938	3 to 5	–	–
Granted on 16 November 2021	Group	3 617 448	–	–	–	–
Sean Doherty						
Granted on 19 June 2019	Group	5 568 168	323 668	3 to 5	–	–
Granted on 26 November 2019	Group	1 634 558	85 954	3 to 5	–	–
Granted on 24 November 2020	Group	2 267 200	124 823	3 to 5	–	–
Granted on 16 November 2021	Group	3 400 000	–	–	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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.

	2021 R	2020 R
13.2 INCOME TAX EXPENSE		
South African normal taxation:		
Current taxation	(664)	–
Current year	(664)	–
Deferred taxation	(863 969)	200 736
Current year	(864 633)	200 736
Prior years	664	–
TOTAL INCOME TAX EXPENSE	(864 633)	200 736
Tax rate reconciliation		
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	(23 230)	(716 913)
South African tax	(864 633)	200 736
EFFECTIVE TAX	(864 633)	200 736
South African tax rate	28.0%	28.0%
Tax effects of:		
Expenses not deductible for tax purposes	–%	–%
Tax losses not recognised	(28.0)%	–%
EFFECTIVE TAX RATE	–%	28.0%

14 Cash generated by operations

	2021 R	2020 Restated R
Loss before taxation from continuing operations:	(23 230)	(716 913)
Adjusted for:		
Interest income	(433)	(566)
Cash generated by operations	(23 663)	(717 479)

15 Related parties

	2021 R	2020 R
TRANSACTIONS WITH GROUP COMPANIES		
Transaction Capital Limited	(4 793 759)	(3 984 077)
TC Corporate Support Proprietary Limited	800 000	–
BALANCE AT THE END OF THE YEAR	(3 993 759)	(3 984 077)

The loans are interest-free and repayable on demand.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 SEPTEMBER 2021

16 Financial risk management

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.

16.1 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.

16.2 FINANCIAL ASSETS

16.2.1 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, purchased credit-impaired loan portfolios and other loans receivable.

Loans and receivables (including trade and other receivables, bank balances, cash and group loans) are initially recognised at fair value. Subsequently, loans and receivables 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.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased credit-impaired financial assets, 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 10 of the consolidated annual financial statements.).

16.2.2 IMPAIRMENT

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

Impairment losses or reversals are recognised 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 month ECL.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

16 Financial risk management continued

16.3 NATURE OF FINANCIAL RISK

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 as it borrows and places funds. The risk is managed by placing funds and borrowings on short term.

16.3.1 RISK PROFILE IF 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 assets R
2021	**(6 608)**	**18 842**	**12 234**
TOTAL	**(6 608)**	**18 842**	**12 234**
2020	(13 842)	43 547	29 705
TOTAL	(13 842)	43 547	29 705

16.3.2 WEIGHTED AVERAGE INTEREST RATES

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

	2021		2020	
	Bank balances %	Borrowings %	Bank balances %	Borrowings %
TOTAL	**2.2**	**–**	2.6	–

16.3.3 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 2021		
ASSETS		
Leased assets		
Cash and cash equivalents	**188**	**18 842**
Group loans	**–**	**800 000**
TOTAL	**188**	**818 842**
LIABILITIES		
Group loans	**–**	**4 793 759**
Trade and other payables	**66**	**6 608**
TOTAL	**66**	**4 800 367**
NET EXPOSURE	**122**	**(3 981 525)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 SEPTEMBER 2021

16 Financial risk management continued

16.3 NATURE OF FINANCIAL RISK continued

16.3.3 INTEREST RATE SENSITIVITY ANALYSIS continued

	Effect on profit before tax of 1% change in rates R	Total carrying value of assets and liabilities R
30 September 2020		
ASSETS		
Leased assets		
Cash and cash equivalents	435	43 547
TOTAL	435	43 547
LIABILITIES		
Group loans	–	3 984 077
Trade and other payables	138	13 842
TOTAL	138	3 997 919
NET EXPOSURE	297	(3 954 372)

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 market interest rates: BLR rates. 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.

16.4 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 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 subsidiaries in support of respective business models. 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 Transaction Capital group'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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

16 Financial risk management continued

16.4 LIQUIDITY RISK MANAGEMENT continued

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.

	On demand R	Total R
2021		
LIABILITIES		
Trade and other payables	6 608	6 608
Group loans	4 793 759	4 793 759
Financial liabilities	4 800 367	4 800 367
Non-financial liabilities	–	–
TOTAL LIABILITIES	4 800 367	4 800 367

	On demand R	Total R
2020		
LIABILITIES		
Trade and other payables	13 842	13 842
Group loans	3 984 077	3 984 077
TOTAL LIABILITIES	3 997 919	3 997 919

16.5 FAIR VALUE DISCLOSURE

	2021		2020	
	Carrying value R	Total fair value R	Carrying value R	Total fair value R
ASSETS				
Cash and cash equivalents	18 842	18 842	43 547	43 547
Group loans	800 000	800 000	–	–
TOTAL	818 842	818 842	43 547	43 547
LIABILITIES				
Trade and other payables	6 608	6 608	13 842	13 842
Group loans	4 793 759	4 793 759	3 984 077	3 984 077
TOTAL	4 800 367	4 800 367	3 997 919	3 997 919
NET EXPOSURE	(3 981 525)	(3 981 525)	(3 954 372)	(3 954 372)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

16 Financial risk management continued

16.6 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
2021					
ASSETS					
Cash and cash equivalents	18 842	–	–	–	18 842
Trade and other receivables	–	–	57 570	–	57 570
Group loans	800 000	–	–	–	800 000
TOTAL ASSETS	818 842	–	57 570	–	876 412
EQUITY AND LIABILITIES					
LIABILITIES					
Group loans	–	4 793 759	–	–	4 793 759
Trade and other payables	–	6 608	–	–	6 608
TOTAL LIABILITIES	–	4 800 367	–	–	4 800 367
EQUITY					
Ordinary share capital	–	–	–	100	100
Retained earnings	–	–	–	(3 924 055)	(3 924 055)
Equity attributable to ordinary equity holders of the parent	–	–	–	(3 923 955)	(3 923 955)
TOTAL EQUITY	–	–	–	(3 923 955)	(3 923 955)
TOTAL EQUITY AND LIABILITIES	–	4 800 367	–	(3 923 955)	876 412

	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
2020					
ASSETS					
Cash and cash equivalents	43 547	–	–	–	43 547
Trade and other receivables	–	–	54 311	–	54 311
Deferred tax assets	–	–	863 969	–	863 969
TOTAL ASSETS	43 547	–	918 280	–	961 827
EQUITY AND LIABILITIES					
LIABILITIES					
Trade and other payables	–	13 842	–	–	13 842
Group loans	–	3 984 077	–	–	3 984 077
TOTAL LIABILITIES	–	3 997 919	–	–	3 997 919
EQUITY					
Ordinary share capital	–	–	–	100	100
Retained earnings	–	–	–	(3 036 192)	(3 036 192)
Equity attributable to ordinary equity holders of the parent	–	–	–	(3 036 092)	(3 036 092)
TOTAL EQUITY	–	–	–	(3 036 092)	(3 036 092)
TOTAL EQUITY AND LIABILITIES	–	3 997 919	–	(3 036 092)	961 827

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2021

17 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 2021 the company's liabilities exceed its assets by R3 923 955. The company's ultimate holding company Transaction Capital Limited has undertaken to take all the appropriate action to ensure the company has access to the technical and financial resources needed to successfully continue in operation and meet its contractual obligations. 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 letter of support to this effect has been provided.

18 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 2021 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 Doherty (Chief Financial Officer)

Brief CV of each Director is available at:
https://www.transactioncapital.co.za/governance-landing.php

Company Secretary and Registered office

Sharon Nayger
342 Jan Smuts Avenue
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P O Box 41888
Craighall, 2024

Debt Sponsor

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(PO Box 786273, Sandton, 2146)

Independent Auditors

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