TRANSSEC 5 (RF) LIMITED
(Registration number 2020/886422/06)

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Prepared by:
N Hopwood

Supervised by:
W Marais

The Annual Financial Statements have been audited in compliance with the Companies Act 71 of 2008

Issued 20 January 2023

TRANSSEC 5 (RF) LIMITED
Annual Financial Statements
for the year ended 30 September 2022

Contents

TRANSSEC 5 (RF) LIMITED
Company Information
for the year ended 30 September 2022

Company registration number

2020/886422/06

Place of business and Registered office

179 15th Road
Randjespark
Midrand
Johannesburg

Principal bankers

The Standard Bank of South Africa Ltd

Secretary

The secretary of the Company is LR Lill

Auditors

Deloitte & Touche
Deloitte Building
5 Magwa Crescent
Waterfall City, 2020

TRANSSEC 5 (RF) LIMITED
Directors' Responsibility Statement
for the year ended 30 September 2022

The directors are required in terms of the South African Companies Act (the "Companies Act") to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the audited financial statements fairly present the state of affairs of Transsec 5 (RF) Ltd (the "Company") as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the Johannesburg Stock Exchange (JSE) Debt Listing Requirements, the going-concern principle and the requirements of the South African Companies Act, 71 of 2008. The external auditors are engaged to express an independent opinion on the financial statements.

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

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

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

The directors have reviewed the Company's cash flow forecast for the year to 30 September 2023 and, in the light of this review and the current financial position, they are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Company's audited annual financial statements. The audited annual financial statements have been examined by the Company's external auditors and their report is presented on page 6 to 9.

The annual financial statements for the year ended 30 September 2022 set out on pages 10 to 44 were approved by the board of directors on 20 January 2023 and are signed on their behalf.

RI Angus

M Hearn

TRANSSEC 5 (RF) LIMITED
Audit Committee Report
For the year ended 30 September 2022

The audit committee presents its report for the financial year ended 30 September 2022.

Purpose of the audit committee

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

Membership and attendance

The audit committee, appointed by the shareholders in respect of the year ended 30 September 2022, comprised Rishendrie Thanthony (chairman), Richard Angus and Olivia Ferreira who are independent non-executive directors of the Company. The committee meets at least twice per annum.

Functions of the audit committee

- Reviewing and approving the Company external audit plan including the proposed audit scope, approach to Company risk activities and the audit fee;
- Confirming the independence of the auditors Deloitte & Touche;
- Reviewing external audit reports;
- Assessing the nature and extent of non-audit services;
- Reviewing the accounting policies adopted by the Company and all proposed changes in accounting policies and practices; and
- Reviewing the financial statements to confirm the financial statements are prepared in accordance with International Financial Reporting Standards, the Companies Act of South Africa (Act, as amended) and the Debt Listing Requirements of the JSE Limited.

Attendance by auditors and executive directors

The external auditors are advised of, and attend, all meetings of the audit committee. The executive directors of Transsec 5 (RF) Ltd also attended meetings by invitation.

Independence of external auditor

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

Key audit matters

The audit committee has satisfied itself that the auditors have addressed the key audit matters, as raised in the Independent Auditors Report, sufficiently during the audit.

Internal financial controls, accounting practices and Company financial statements

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

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

Rishendrie Thanthony
Chairman: Audit Committee
20 January 2023

TRANSSEC 5 (RF) LIMITED
Directors' Report
For the year ended 30 September 2022

Nature of business

Transsec 5 (RF) Limited ("Transsec 5") is a registered credit provider managed by SA Taxi Development Finance (Pty) Ltd. The ordinary shareholder is Transsec 5 Issuer Owner Trust. The SA Taxi Group provides finance and related services to the taxi industry in South Africa.

Transsec 5 (RF) Ltd is a ring fenced securitisation special purpose vehicle that has listed notes on the JSE. The first date of issue was 25 May 2021 and the revolving period is still open. The Company is permitted to purchase additional loans until the end of the tap issue period, which ends on 20 December 2022. The results presented here are for the 12 months from 1 October 2021 – 30 September 2022.

Financial results

The results of the Company are set out in the annual financial statements on pages 10 - 43. The Company's profits are attributable to its trading activities.

Directorate	Appointments	Resignations
R Thanthony*	23 November 2020	
OA Ferreira*	23 November 2020	
RI Angus*	25 February 2021	
SD Olivier**	05 October 2021	11 August 2022
M Hearn**	11 August 2022	

**Independent non-executive directors*
***Executive directors*

Secretary	Appointment date	Resignation
SD Olivier	05 October 2021	11 August 2022
LR Lill	11 August 2022	

Authorised and issued share capital

100 no par value shares were issued in the period.

Events subsequent to reporting date

No significant events occurred subsequent to the reporting date for the Company that require mention in or adjustment to the annual financial statements.

Compliance with King IV

The Company is, as far as practically possible given the special purpose nature thereof, fully committed to the principles of the Code of Governance Principles set out in the King IV Report (the code).
Please refer to the following link for the application of the King IV principles:
https://www.transactioncapital.co.za/transsec5.php

Auditors

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

Going Concern
The going concern basis was adopted in preparing the annual financial statements. The directors have no reason to believe that the Company will not be a going concern in the foreseeable future based on forecasts and available cash resources.

TRANSSEC 5 (RF) LIMITED
Company Secretary's Certification
For the year ended 30 September 2022

In terms of section 88(2) (e) of the Companies Act (as amended), I certify that, to the best of my knowledge and belief, Transsec 5 (RF) Ltd has lodged with the Commissioner all such returns and notices as are required by the Companies Act, (as amended), and that all such returns and notices are true, correct and up to date.

LR Lill
Company Secretary
20 January 2023

Private Bag X6
Gallo Manor 2052
South Africa

Deloitte & Touche
Registered Auditors
Accounting & Auditing
Deloitte
5 Magwa Crescent
Waterfall City
Waterfall 2090
Docex 10 Johannesburg

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Transsec 5 (RF) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Transsec 5 (RF) Limited set out on pages 10 to 44, which comprise the statement of financial position as at 30 September 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position as at 30 September 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have identified a key audit matter in respect of the separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Significant estimates and judgements included in the Transsec 5 (RF) Limited loans and advances credit impairment model	
Loans and advances, which represent 94% of total assets, and the associated impairment provisions are significant in the context of the companies' financial statements. The determination of impairment provisions for expected credit losses (ECL) requires significant judgement, and we have identified the audit of ECL impairment provisions to be a key audit matter. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus are: • Determination of expected losses: probability of default (PD) and the loss given write-off (LGW). Key aspects of the LGW involving estimation include recovery value after repair costs, time to default (TTD) and time to repossession (TTR); • Repair cost methodologies in determining cost to repair salvaged vehicles as these impacts both the expected losses and repossessed inventory valuation; and • Motor Vehicle Inflation (MVI) assumption supporting the vehicle assessment value as estimated at the date of repossession (buy-price).	With the support of our internal quantitative and credit modelling specialists, our procedures included: • Assessing the design and implementation of relevant controls and assessing the governance structures in place; • Assessing management's model methodology specific to PD, LGW's, TTD, TTR, repair cost methodologies; Testing the accuracy of the model by independently recalculating the input parameters; • Testing completeness and accuracy of data used in the model; • Performing exploratory analytics and benchmarking to assess the reasonability of managements assessments and judgments; • Challenging management's assumptions and judgements, by assessing externally verified assumptions independently, as well as assessing the historic data to support the judgments and assumptions made; • Assessing the reasonability of ECL adjustments applied within the base model, as well as the requirement for any potential out-of-model adjustments; and • Assessing the sufficiency of the disclosures made surrounding credit impairment and the data used by management in the preparation of the disclosures. We found the model, its inputs and methodology applied to be reasonable and the overall ECL, to be appropriate. We found the disclosures relating to the expected credit loss on loans and advances, as presented in notes 6, 12 and 20, and the key judgements and estimates applied in the determination thereof, to be appropriate and in accordance with the relevant accounting standards.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' responsibility statement, the Audit Committee's report, Directors' Report, and the Company Secretary's Certificate, as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report and the Annual Report, which is expected to be made available to us after that date. 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 separate 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 that we 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Transsec 5 (RF) Limited for 2 years.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche
Registered Auditor
Per: Stephen Munro
Partner

20 January 2023

TRANSSEC 5 (RF) LIMITED
Statement of Financial Position
at 30 September 2022

	Notes	2022 R'000	Reclassified** 2021* R'000
Assets			
Cash and cash equivalents	4	10,530	11,434
Money market deposits**	4	13,327	12,127
Trade and other receivables	5	64,888	16,544
Loans and advances	6	1,370,763	979,328
Current tax receivable		2,231	753
Deferred taxation	7	679	-
Total assets		1,462,418	1,020,186
Liabilities			
Trade and other payables	8	88,134	38,664
Interest bearing liabilities	9	1,186,492	869,587
Loans from group companies	19	174,884	104,559
Deferred taxation	7	-	442
Total liabilities		1,449,510	1,013,252
Equity			
Ordinary and preference share capital	10	-	-
Retained earnings		12,908	6,934
Total equity attributable to owners of the parent		12,908	6,934
Total equity and liabilities		1,462,418	1,020,186

** Although 2021 results are presented for the full year, the date of first issue was 25 May 2021.*

*** The money market investments have been reclassified in order to present both cash and cash equivalents and money market investments separately in the Statement of Financial Position, which is in line with the requirements of IAS7. Comparatives have been updated to reflect this reclassification. Refer to note 4 for more information.*

TRANSSEC 5 (RF) LIMITED
Statement of Comprehensive Income
for the year ended 30 September 2022

	Notes	2022 R'000	2021* R'000
Interest income	11	278,712	71,332
Interest expense	11	(100,059)	(21,918)
Net interest income	11	178,653	49,414
Impairment of loans and advances	12	(53,212)	(5,542)
Risk adjusted net interest income		125,441	43,872
Non-interest revenue	13	2,485	621
Indirect costs	14	(119,579)	(34,862)
Profit before tax		8,347	9,630
Income tax expense	15	(2,373)	(2,696)
Profit for the year		5,974	6,934
Other comprehensive income		-	-
Total comprehensive income for the year		5,974	6,934

** Although 2021 results are presented for the full year, the date of first issue was 25 May 2021.*

TRANSSEC 5 (RF) LIMITED
Statement of Changes in Equity
for the year ended 30 September 2022

		Number of ordinary shares	Number of preference shares	Share capital*	Preference Share capital*	Retained earnings	Owners of the parent
				R'000	R'000	R'000	R'000
Balance at 30 September 2020		**-**	**-**	**-**		**-**	**-**
Shares Issued		100	23	**-**	-	**-**	**-**
Total comprehensive income		-	-	-	-	6,934	6,934
Profit for the year		-	-	-		6,934	6,934
Other comprehensive income		-	-	-		-	-
Balance at 30 September 2021		100	23	**-**	**-**	**6,934**	**6,934**
Shares Issued		-	-	-	-	**-**	**-**
Total comprehensive income		**-**	**-**	**-**	**-**	5,974	5,974
Profit for the year		**-**	**-**	**-**	**-**	5,974	5,974
Other comprehensive income		-	-	-	-	-	-
Balance at 30 September 2022		**100**	**23**	**-**	**-**	**12,908**	**12,908**
	Notes	10	10	10	10		

** Rounds to less than R1000*

TRANSSEC 5 (RF) LIMITED
Statement of Cash Flows
for the year ended 30 September 2022

	Notes	2022 R'000	Reclassified*** 2021* R'000
Cash flow from operating activities			
Cash generated by operations*	16	(116,369)	(30,391)
Interest received		245,694	61,835
Interest paid		(91,605)	(15,828)
Income taxes paid	17	(4,958)	(3,007)
Cash flow from operating activities before changes in operating assets and liabilities		32,762	12,609
Movement in operating assets and liabilities		(411,745)	(975,374)
Increase in gross loans and advances		(411,745)	(975,374)
Change in working capital		(5,300)	17,564
Increase in trade and other receivables		(48,344)	(16,544)
Increase in trade and other payables**		43,044	34,108
Net cash utilised by operating activities		(384,283)	(945,201)
Cash flow from investing activities			
(Increase)/decrease in money market deposit***		(1,200)	(12,127)
Net cash utilised by investing activities		(1,200)	(12,127)
Cash flow from financing activities			
Issue of shares	10	-	-
Proceeds from raising interest bearing liabilities	18	542,530	900,000
Repayment of interest bearing liabilities	18	(218,951)	(31,238)
Proceeds from loans from group companies		61,000	100,000
Net cash generated from financing activities		384,579	968,762
Net increase in cash and cash equivalents		(904)	11,434
Cash and cash equivalents at beginning of the year***	4	11,434	-
Cash and cash equivalents at end of year* **	4	10,530	11,434

** Although 2021 results are presented for the full year, the date of first issue was 25 May 2021.*

*** Derivative shown as non-cash adjustment in the current year. Comparatives updated accordingly.*

**** The money market investments have been reclassified in order to present both cash and cash equivalents and money market investments separately in the Statement of Financial Position, which is in line with the requirements of IAS7. The money market investments have been excluded from cash and cash equivalents in the Statement of Cashflows and which is now taken into account in the investing activities, as required by IAS7. Comparatives have been updated to reflect this reclassification. Refer to note 4 for more information.*

1. Basis of preparation

The financial statements of Transsec 5 (RF) Limited (the company) are prepared in accordance with International Financial Reporting Standards (IFRS), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the Johannesburg Stock Exchange (JSE) Debt Listing Requirements, the going-concern principle and the requirements of the South African Companies Act, 71 of 2008.

The financial statements have been prepared on the historical cost basis except for derivative financial instruments, and the shortfall book which are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability as market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The company statements of financial position are presented in order of liquidity. 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.
The company has made the following accounting policy elections in terms of IFRS, with reference to the detailed accounting policies shown in brackets:

- Regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting

All monetary information and figures presented in these financial statements are stated in thousands of South African Rand (R’000), unless otherwise indicated.

2. 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
In the prior year, the company adopted the Phase 1 amendment 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 interest rate benchmark reform.

In the current year, the company adopted the Phase 2 amendments Interest Rate Benchmark Reform - Amendments to IFRS 9, IFRS 7 and IFRS 16. Adopting these amendments enables the company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as ‘risk-free rates’ or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Both the Phase 1 and Phase 2 amendments are relevant to the company as we apply hedge accounting to our interest rate benchmark exposures, and in the current period, modifications to existing instruments in response to the reform have not yet been made to the company’s derivative and financial instruments that mature after 1 October 2021 due to the lack of clarity in the market around the most appropriate benchmark rate at this stage. The company continues to engage with the relevant market participants in this regard.

Details of the derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by the company to manage the risks relating to the reform and the accounting impact, including the impact on hedge accounting relationships, is presented in note 20 Hedge Accounting.

The amendments are relevant for cash flow hedges where IBOR-linked derivatives (mainly USD LIBOR) are designated as a cash flow hedge of IBOR-linked bank borrowings which extend beyond 1 October 2021.

The amendments permit the continuation of hedge accounting even if, in the future, the hedged benchmark interest rate may no longer be separately identifiable, and there is uncertainty about the replacement of the floating interest rates included in the interest rate and cross currency interest rate swaps. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship will be discontinued.

The company will continue to apply the Phase 1 amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the company is exposed ends. The company expects this uncertainty will continue until the company's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined, including any fixed spread.

As a result of the Phase 2 amendments (also refer to note 20 for the relevant disclosures):
When the contractual terms of the company's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the company changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other change.

- When changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the company updates the hedge documentation without discontinuing the hedging relationship and, in the case of a cash flow hedge, the amount accumulated in the cash flow hedge reserve is deemed to be based on the revised benchmark rate.

- For the company's fair value hedges of a non-contractually specified benchmark component of interest rate risk on the transition to the alternative benchmark rate:

    - if that risk rate is not separately identifiable at the date of designation, it will be deemed to have met the separately identifiable requirement at that date,

if the company reasonably expects the term-specific interest rate component will be separately identifiable within a period of 24 months from the date the alternative benchmark rate is first designated, regardless of the term for which the risk is designated in that hedge. The 24-month period applies on a rate-by-rate basis.

3. New and amended accounting standards and interpretations

NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

Amendments to IAS 1 and IFRS practice statement 2 making materiality judgements- disclosure of accounting policies
The amendments change the requirements in IAS 1 with regard to the disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB 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 company's financial statements.

Amendments to IAS 8, changes in accounting estimates and errors - definition of accounting estimates
The amendments replace the definition of a change in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

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

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

Amendments to IAS 12- deferred tax relating to assets and liabilities arising from a single transaction
The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.

The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other components of equity, as appropriate) at that date
The amendment is effective for the financial year ending 30 September 2024. The amendment is not expected to have a material impact on the company's 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:

Amendment to IFRS 9 financial instruments - fees in the '10 per cent' test for derecognition of financial liabilities
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 company's financial statements.

4. 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 the 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.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

Deferred tax
Deferred tax assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

Impairment of financial assets
The company measures the expected credit losses ("ECL") of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum period considered when measuring expected credit losses is the maximum contractual period (including extension options) over which the company is exposed to credit risk, and not a longer period, even if that period is consistent with business practice

Repossessed Vehicle Stock
Repossessed vehicle stock held by the company represent security attached where a borrower has defaulted under the terms of a vehicle finance arrangement. Repossessed vehicle stock is stated at the lower of cost or net realisable value. Cost is determined as the fair value of the asset acquired. Costs include anticipated refurbishment costs and related costs incurred in bringing such vehicles to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of refurbishment and selling expenses. The write down of vehicles in possession to net realisable value and the reversal thereof is recognised in profit and loss. The reversals of the write downs are limited to the reacquired cost of vehicles in possession. Repossessed vehicle stock is reported as part of loans and advances and included as a non-financial asset in the categorised statement of financial position.

Business Model Assessment
Classification and measurement of financial assets depends on the results of the sole payments of principal and interest (SPPI) and the business model test. The company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant increase in credit risk
Expected credit losses are measured as an allowance equal to 12-month expected credit losses (ECL) or lifetime ECL. An asset moves to lifetime ECL when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the company takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to note 19.1.

5. Deferred tax

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. Based on the announcement by the Minister of Finance to reduce the Corporate Income tax rate from 28% to 27% for years of assessment commencing on or after 1 April 2022, deferred tax balances as at 30 September 2022 have been recognised at the reduced tax rate. The tax rate of 27% is viewed to be substantively enacted.
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 and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred income 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.

6. Revenue recognition

General policy
Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue comprises finance charges on loans and fees for rendering of services to customers.

Interest income
Interest revenue comprises of interest earned on cash, finance charges on loans and instalment credit agreements. The policy for the recognition of revenue accounted for under IFRS 9 as interest income on loans and instalment credit agreements, is described note 11.

Rendering of services

PRODUCT AND SERVICE	*NATURE, TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS*
Administration and service fees	Administration and service fees are recognised over a period of time as performance obligations are met and the service delivered to clients

Gains and losses
A gain or loss on a financial asset or financial liability that is measured at fair value is recognised in profit or loss unless:

- It is part of a hedging relationship;
- It is an investment in an equity instrument and the company has elected to present gains and losses on that investment in other comprehensive income;
- It is a financial liability designated as at fair value through profit or loss and the change is as a result of changes in credit risk. In this case the company is required to present the effects of changes in the liability's credit risk in other comprehensive income; or
- It is a financial asset measured at fair value through other comprehensive income

7. Operating costs

Indirect taxation
Indirect taxation in the form of non-claimable value-added tax (VAT) on expenses is disclosed as indirect taxation in profit or loss.

Interest expense
Interest expense comprises interest on borrowing facilities and other costs incurred in connection with the borrowing of funds. Interest expense is recognised in the period in which it is incurred using the effective interest method except to the extent in which it meets the criteria for capitalisation against a qualifying asset in which case it is capitalised as part of the cost of the asset.

8. Income Tax

Current tax
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.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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 in equity.

9. Contingencies and commitments

Provisions are liabilities of uncertain timing or amount. They are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation.

10. Dividend paid

Dividends are recognised against equity in the period in which they are approved by the company's directors. Dividends declared after the reporting date are not recognised but disclosed as a post reporting date event.

11. Financial Risk Management

Financial Instruments
A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. The company recognises financial assets and financial liabilities at the trade date when it becomes a party to the contractual provisions of the instrument.

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

Financial instruments are grouped into classes that are appropriate taking into account the characteristics and risks of those financial instruments. Classes of financial instruments have been determined by referring to the nature and extent of risks arising from the financial instruments and how these are managed.

Classification
A financial asset is measured at amortised cost if:

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

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

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial liabilities

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

Offsetting
Financial assets and liabilities are offset, and the net amount reported in the statement of financial position, when there is a legally enforceable right to set off the recognised amounts and there is an intention to realise the asset and settle the liability simultaneously.

Derecognition
Financial assets (or a portion thereof) are derecognised when the company realises the rights to the benefits specified in the contract, the rights expire, or the company surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are included in profit or loss.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it are included in the statement of comprehensive income.

Financial assets at fair value through profit or loss
Financial assets that are held at fair value through profit and loss include loans and advances for entry-level vehicles and the shortfall book.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets classified at fair value through profit or loss are included in profit or loss in the period in which they arise.

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, portfolios and other loans receivable.

Loans and receivables (including trade and other receivables, bank balances and cash) 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.

The carrying amount of loans considered to be impaired on the statement of financial position is reduced through the use of an expected loss impairment methodology.

At each reporting date, the company recognises in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss. The company recognises favourable changes in lifetime expected credit losses as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

Credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument. The cash flows that are considered include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. There is a presumption that the expected life of a financial instrument can be measured reliably, however in rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the company uses the remaining contractual terms of the financial instrument.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime expected credit losses are those expected credit losses that results from all possible default events over the expected life of a financial instrument.

The loss allowance is the allowance for expected credit losses on financial assets measured at amortised cost, lease receivables and contract assets, the accumulated impairment amount for financial assets measured at fair value through other comprehensive income and the provision for expected credit losses on loan commitments and financial guarantee contracts.

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

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

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

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

Impairment
The company recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost, at fair value through other comprehensive income, contracts or loan commitments and financial guarantee contracts.

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

When calculating the expected cash flows at initial recognition (to determine the credit-adjusted effective interest rate), and for subsequent measurement of the loans (to determine the loss allowance), the company has elected to include those forecast incremental collection costs that are directly attributable to the recovery of cash flows, as a reduction in the future expected cash flows.

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.

12-month ECL are the portion of the lifetime ECL that represent the ECL that result from default events on a financial instrument that are possible within 12 months after reporting date. For loan commitments and financial guarantee contracts, the date that the company becomes party to the irrevocable commitment is considered the date of initial recognition for the purposes of applying the impairment requirements.
If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12 month ECL at the current reporting date. Impairment losses or reversals are recognised in profit or loss.

		2022 R'000	Reclassified ** 2021 R'000
4	**Cash and cash equivalents and money market deposits**		
	Bank balances	10,530	11,434
	Total cash and cash equivalents *	10,530	23,561
	Money market deposits	13,327	12,127
	Money market deposits**	13,327	12,127

** Ceded as part security for securitisation debentures and loans as shown in note 9, and therefore regarded as restricted.*
***R13 million (2021: R12 million) ceded as part security for securitisation debentures and loans as shown in note 9, and therefore regarded as restricted cash and separately disclosed. The money market investments have been reclassified in order to present both cash and cash equivalents and money market investments separately in the Statement of Financial Position, which is in line with the requirements of IAS7. The money market deposits are highly liquid. The company can convert these deposits into cash within 24 hours of making such*

The carrying value of cash and cash equivalents and money market deposits approximates fair value as it is short-term in nature and not subject to material changes in credit risk and fair value.

		2022 R'000	2021 R'000
5	**Trade and other receivables**		
	Trade receivables	11,315	2,020
	VAT receivable**	32,544	4,952
	Prepayments	320	-
	Other sundry debtors*	20,709	9,572
	Trade and other receivables	64,888	16,544

**Other sundry debtors consists of Intergroup current balances, and premiums due from customers which is paid in advance by the credit provider and raised on the loan book in due course*

***Increase in VAT receivable is due to input VAT still to be claimed from SARS (timing in nature) as well as VAT refunds submitted and subject to standard verification by SARS*

The carrying value of trade and other receivables approximates fair value, as these are short-term in nature and not subject to material changes in credit risk and fair value.
The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period. No impairment allowance was required for both periods presented.

Trade receivables consists of intercompany balances due to the entity, which is regarded as recoverable as regular transactions and cash flow take place between these parties, and as such no expected losses have been raised.

		2022 R'000	2021 R'000
6	**Loans and advances**		
	Gross loans and advances (refer to note 6.1)*	1,401,574	983,699
	Impairment provision (refer to note 6.2)*	(30,811)	(4,371)
	Loans and advances **	1,370,763	979,328

Loans and advances are ceded as part security for amortising securitising notes and loans as shown in note 9.
** Refer to note 20.1 for details on credit risk management and measurement.*

*** Included in this balance are repossessed vehicles with a gross value of R91.6 million (2021: R1.6 million) and a net value of R80.3m (2021: R1.5 million).*

		2022 R'000	2021 R'000
6.1	**Finance leases**		
	Maturity analysis of gross finance leases including unearned finance charges		
	Amounts up to 1 year	610,521	370,326
	Amounts between one and five years	1,419,836	1,083,899
	Amounts in excess of five years	127,441	2,848
	Gross finance leases including unearned finance charges	2,157,798	1,457,073
	Unearned finance charges	(756,224)	(473,374)
	Gross finance leases	1,401,574	983,699
	Impairment provision (refer to note 6.2)	(30,811)	(4,371)
	Net finance leases	1,370,763	979,328
	Maturity analysis of gross finance leases		
	Amounts up to 1 year	337,462	182,446
	Amounts between one and five years	978,396	798,585
	Amounts in excess of five years	85,716	2,668
		1,401,574	983,699
	Average remaining term of lease	59	65
	Average contractual term of leases	76	73

		Notes	2022 R'000	2021 R'000
6	**Loans and advances (continued)**			
6.2	**Impairment provision**			
	Balance at the beginning of the year		(4,371)	-
	Gross impairments recognised in profit and loss		(53,212)	(5,542)
	Impairments recognised in profit and loss	12	(53,314)	(5,542)
	Bad debts recovered		102	-
	Utilisation of impairment provision**	12	26,772	1,171
	Balance at the end of the year*		(30,811)	(4,371)

**Includes an amount of R11.3million (2021: R145k) relating to repossessed vehicles.*

*** The utilisation of impairment provision has been adversely affected by high levels of production on quality renewed vehicles (including vehicles repossessed in the current year) which has increased the overall level of repair costs incurred.*

6.3 Related credit risk exposure and enhancements

Valuation of collateral

The Group typically holds vehicles (taxis), as collateral against secured advances which are insured by way of comprehensive motor policy (including violation cover). Any security taken as part of the credit decision is valued according to the applicable credit policies at the time of credit approval and at regular intervals thereafter. The market value of collateral over the secured debt is calculated with reference to the expected recovery being the violation insurance claim (through Guardrisk), or selling prices achieved in the active second hand taxi market less costs to repair (non Guardrisk), whichever is applicable.
The carrying values of each vehicle in possession has been tested for impairment against current valuations. Impairments are as a result of an analysis of market related valuations prepared for each vehicle.
The outbreak of COVID 19 has had limited impact on average collateral values applied. Due to the specialised nature of the group's businesses, a certain degree of concentration in the collateral underpinning the various portfolios cannot be avoided. At the statement of financial position date, the group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

	2022 R'000	2021 R'000
Maximum exposure to credit losses of loans and advances	1,309,962	982,025
Impairment allowance	(19,473)	(4,225)
Maximum exposure to credit losses of loans and advances	1,290,489	977,800

Credit risk exposure mitigated through unguaranteed residual asset values held as collateral

	2022 R'000	2021 R'000
Total Collateral*	1,318,527	1,106,735
Vehicles	57,275	1,106,735
Vehicles - where collateral could be recovered through an insurance claim	1,261,252	-
Total vehicles	57,275	1,106,735
Fair value of collateral held for financial assets neither past due nor impaired	25,440	702,576
Fair value of collateral held for financial assets past due but not specifically impaired	17,945	347,639
Fair value of collateral held for impaired financial assets	13,890	56,520
Total vehicles - where collateral could be recovered through an insurance claim	1,261,252	-
Fair value of collateral held for impaired financial assets	184,801	-
Fair value of collateral held for financial assets past due but not specifically impaired	538,320	-
Fair value of collateral held for financial assets neither past due nor impaired	538,131	-

In the current year collateral attached comprises an insurance claim (for absconsion and violation cover where customers are insured with Guardrisk) and vehicles (for customers not insured with Guardrisk), where in the prior year collateral comprised of vehicles. This is as a result of changes in terms and conditions of underlying insurance contracts.
**Collateral values are shown excluding the value of collateral held for impaired non financial assets (2022: R80.3 million, 2021: R1.5 million). In the current year, the amendments to the T&Cs of the underlying insurance contracts has resulted in the credit provider receiving an insurance claim from the insurer through a violation claim as final settlement/recovery of the loan in the event that a vehicle is repossessed – this recovery therefore represents the collateral value. Following the settlement of the violation claim of the credit provider, the right to the underlying repossessed vehicle transfers to the insurer.*

		Notes	2022 R'000	2021 R'000
7	**Deferred taxation**			
	The movements during the year are analysed as follows:			
	Deferred tax asset/(liability) at the beginning of the year		(442)	-
	Debit/(Credit) to profit or loss for the year	15	1,121	(442)
	Deferred tax asset/(liability) at the end of the year		679	(442)

Category of deferred tax	Opening Balance R'000	Charged to income statement (excluding tax rate adjustment) R'000	Change in tax rate adjustment R'000	Closing Balance R'000
2022				
Interest rate swap	1,078	175	(45)	1,208
Loans and advances	339	602	(34)	907
Interest bearing borrowings	(1,859)	370	53	(1,436)
	(442)	1,147	(26)	679
	R'000	**R'000**	**R'000**	**R'000**
2021	-			
Interest rate swap	-	1,078	-	1,078
Loans and advances	-	339	-	339
Interest bearing borrowings	-	(1,859)	-	(1,859)
	-	(442)	-	(442)

Deferred tax assets have been fully recognized on the expectation of future taxable income in respect of the lending business.
Deferred tax is raised at 27% given that the new corporate tax rate is substantially enacted at financial year-end (as per IAS 12)

		2022 R'000	2021 R'000
8	**Trade and other payables**		
	Trade payables	71,252	29,237
	Accrued interest	2,556	1,305
	Derivative liability - Swap*	10,982	4,556
	Other	3,344	3,566
		88,134	38,664

**Fair Value Hedges of interest rate risk: The company uses interest rate swaps to hedge the interest rate risk by exchanging fixed rate liabilities for floating rate liabilities as well as the exchange of loans and advances with a return linked from Prime to JIBAR.*

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

					2022 R'000	2021 R'000
9	**Interest bearing liabilities**					
	Debentures	**Interest rate**	**Maturity date**	**Type**		
	Mezzanine	3 month JIBAR + 390bps*	22 June 2026	Floating	95,000	60,000
	Senior	Fixed rate - 7.61%	22 June 2026	Fixed	73,151	78,625
	Senior	3 Month JIBAR plus 143 to 225bps*	20 June 2024 - 22 June 2026	Floating	1,018,341	730,962
					1,186,492	869,587
	Payable within 12 months				542,229	188,528
	Payable thereafter				644,263	681,059
					1,186,492	869,587

**bps: refers to Basis Points*

For an analysis of contractual maturity and liquidity risk, refer to note 20.3.

The Company is not in breach or default of any provisions of the terms or conditions of the agreements governing borrowings.
There have been no modifications to interest bearing liabilities in the current and prior year.
These borrowings are secured by cession over finance leases, cash and money market deposits, refer to note 6 and 4, respectively.

		2022 R'000	2021 R'000
10	**Ordinary and preference share capital**		
	Authorised		
	4,000 no par value ordinary shares		
	100 cumulative redeemable preference shares		
	*Issued **		
	100 no par value ordinary shares	-	-
	23 cumulative redeemable preference shares	-	-
		-	-

** Rounds to less than R1,000. No shares were issued in the current financial year.*
*** The unissued ordinary shares are under the control of the directors, authorised by the shareholders. This authority remains in force until the next annual general meeting.*

		2022 R'000	2021 R'000
11	**Net interest**		
	Interest income is earned from:		
	Cash and cash equivalents and money market deposits	3,020	418
	Interest basis swap*	(4,758)	(261)
	Loans and advances	280,450	71,175
	Interest income	278,712	71,332

**The company uses interest rate swaps to hedge the interest rate risk by exchanging of loans and advances with a return linked from Prime to JIBAR. Comparatives updated.*

	2022 R'000	2021 R'000
Interest expenses are paid on:		
Interest bearing liabilities	79,033	17,359
Intergroup interest	21,026	4,559
Interest expense	100,059	21,918
Interest income	278,712	71,593
Interest expense	(100,059)	(22,179)
Net interest income	178,653	49,414
Categorisation of Interest income		
Financial assets carried at amortised cost	278,712	71,332

		2022 R'000	2021 R'000
12	**Impairment of loans and advances**		
	Impairment comprises:		
	Movement in provision for impairment*	26,440	4,371
	Bad debts written off**	26,874	1,171
	Bad debts recovered	(102)	-
	Total impairment (refer to note 6.2)	53,212	5,542

**Refer to note 20.1.4 for further detail on the impairment of loans and advances.*
***Includes the net modification loss of R432k (2021: Rnil) due to interest rate concessions.*

TRANSSEC 5 (RF) LIMITED
Notes to the Financial Statements
for the year ended 30 September 2022

		Notes	2022 R'000	2021 R'000
13	**Non-interest revenue**			
	Non interest revenue comprises:			
	Fee income		2,485	621
	Administration and early termination fees		504	133
	Service fees		1,981	488

		Notes	2022 R'000	2021 R'000
14	**Indirect costs**			
	Indirect costs comprise:			
	Bank Charges		869	64
	Consulting fees		677	211
	Derivative (gain)/loss through profit and loss		623	3,850
	Director Emoluments - Non executive	18	183	41
	Listing costs		1,173	74
	Management fees*		111,312	30,618
	Other costs		260	4
	Recovery costs**		1,903	-
	VAT disallowed		2,579	-
			119,579	34,862

**Management fees are inclusive of directly attributable costs including audit fees.*
***Recovery costs consist of costs related to collections and recoveries, including external field agents.*

		Notes	2022 R'000	2021 R'000
15	**Income tax expense**			
	South African normal taxation:			
	Current taxation		3,494	2,254
	Current year		3,494	2,254
	Prior years		-	-
	Deferred taxation		(1,121)	442
	Current year		(1,121)	442
	Prior years		-	-
			2,373	2,696
	Tax rate reconciliation			
	South African tax rate		28.0%	28%
	Expenses not deductible for tax purposes*		0.1%	0%
	Tax rate change adjustment**		0.3%	0%
	Effective tax rate		28.4%	28.0%

** Expenses not deductible for tax purposes consists of interest and penalties.*
***Deferred tax is raised at 27% given that the new corporate tax rate is substantially enacted at financial year-end (as per IAS 12)*

		Notes	2022 R'000	2021 R'000
16	**Cash generated by operations**			
	Profit before taxation		8,347	9,631
	Adjusted for:			
	Interest income*		(278,712)	(71,593)
	Interest expense**		100,059	22,179
	Bad debts written off		26,874	1,171
	Movement in provision for impairment	12	26,440	4,371
	Derivative (gain)/loss through profit and loss***		623	3,850
	Cash generated by operations		(116,369)	(30,391)

** Interest income includes income from financing to customers, bank interest and other. Refer to Net Interest Income note 11.*
*** Interest expense includes borrowing costs, bank interest and other. Refer to Net Interest Income note 11.*
**** Derivative movements are shown as non-cash adjustments in the current year. Comparatives updated accordingly.*

		Notes	2022 R'000	2021 R'000
17	**Income taxes paid**			
	Amounts receivable at beginning of year		753	-
	Current tax charge to profit or loss		(3,494)	(2,254)
	Other movements (interest received from SARS)		14	-
	Amounts (receivable)/ payable at end of year		(2,231)	(753)
	Income taxes (paid)/received		(4,958)	(3,007)

		Notes	2022 R'000	2021 R'000
18	**Proceeds from and repayments of interest bearing liabilities**			
	Balance at the beginning of the year		(869,587)	-
	Derivative (gain)/loss through profit and loss		6,674	(825)
	Proceeds from raising interest bearing liabilities		(542,530)	(900,000)
	Balance at the end of the year		1,186,492	869,587
	Repayment of interest bearing liabilities		(218,951)	(31,238)

19 Related Parties

The ultimate Holding Company is Transaction Capital Limited.
The ordinary shareholder is Transsec 5 Issuer Owner Trust
The preference shareholder is SA Taxi Holdings (Pty) Ltd.
A listing of the Company's directors can be found in the directors' report.

The following amounts were charged by related parties:	Nature	Relationship	2022 R'000	2021 R'000
Indirect costs				
SA Taxi Development Finance (Pty) Ltd	Management fees	Fellow subsidiary**	111,312	30,618
Transaction Capital Recoveries (Pty) Ltd	Consulting fees	Fellow subsidiary**	677	211
Transaction Capital Payment Solutions (Pty) Ltd	Payment/collection services	Fellow subsidiary**	1	8
Interest expense				
SA Taxi Holdings (Pty) Ltd		Preference shareholder	21,026	4,559
The following are the amounts due from (to) related parties				
Trade receivables (Trade payables)				
SA Taxi Development Finance (Pty) Ltd		Fellow subsidiary**	(61,040)	(24,819)
Potpale Investments (RF) (Pty) Ltd		Fellow subsidiary**	(102)	(16)
Transaction Capital Recoveries (Pty) Ltd		Fellow subsidiary**	(49)	(37)
Keywood Investments (RF) (Pty) Ltd		Fellow subsidiary**	(12)	2,974
SA Taxi Protect (Pty) Ltd		Fellow subsidiary**	(2)	(53)
SA Taxi Holdings (Pty) Ltd		Preference shareholder	(13)	(13)
SA Taxi Securitisation (Pty) Ltd		Fellow subsidiary**	6,325	-
Transflow (RF) (Pty) Ltd		Fellow subsidiary**	(107)	-
Transsec 3 (RF) (Pty) Ltd		Fellow subsidiary**	(98)	-
Taximart (Pty) Ltd		Fellow subsidiary**	8,928	98
Group loans				
SA Taxi Holdings (Pty) Ltd	Rate linked to prime	Preference shareholder	(174,884)	(104,559)

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

Directors fees

Directors fees are paid to TMF Corporate Services (South Africa) (Pty) Ltd for the fiduciary services rendered. These directors are listed below with an arbitrary and equal allocation of the aggregate fees between each director.

No remuneration is paid to executive directors by Transsec 5 (RF) Limited for services rendered as directors of the Company. Transsec 5 (RF) Limited does not form part of the statutory SA Taxi Holdings group of companies, and as such, remuneration received by executive directors for services rendered within the SA Taxi Group is not disclosed.

	2022	2021
Transsec 5 (RF) Limited earnings	183	41
OA Ferreira	61	14
JE Trevena	-	6
R Thanthony	61	14
RI Angus	61	8
Consolidated earnings from the Company and other related companies	1,018	881
OA Ferreira	339	294
JE Trevena	-	122
R Thanthony	339	294
RI Angus	339	171

20 Financial risk management

The Company's operations expose it to a number of financial risks, including: market risk (interest rate risk), credit risk, and liquidity risk. A risk management programme has been established to protect the Company against the potential adverse effects of these financial risks.
Through the fiduciary services rendered by TMF Corporate Services (South Africa) (Pty) Ltd, the directors and the audit committee of the entity provide oversight as to the adequacy of risk management and the setting of the risk management framework.

In addition, given the entity forms part of the SA Taxi Holdings (Pty) Ltd group of companies, the SA Taxi Holdings (Pty) Ltd board is also responsible for risk management and the setting of the risk management framework which is applied consistently across the SA Taxi group of companies. From a SA Taxi Holdings (Pty) Ltd perspective, oversight of risk management is the responsibility of two Transaction Capital Ltd board subcommittees; the assets and liabilities committee (ALCO) and the audit, risk and compliance committee (ARC). The ALCO monitors risks associated with liquidity and funding, interest rates, counterparties, currency exposures and capital adequacy. The ARC committee monitors risks associated with financial reporting, accounting policies, internal control and IT governance. The ARC is responsible for risk management including setting the risk management framework, setting risk appetite and monitoring SA Taxi's management of risk, including credit and compliance. The management of the Company is outsourced to SA Taxi Development Finance (Pty) Ltd. The responsibility for day to day management of risks falls to SA Taxi's group chief executive officer and its executive committees.

20.1 Credit risk

Credit risk is the risk of loss arising from the failure of a client or counterparty to discharge an obligation to the Company. The primary credit risks that the Company are exposed to arise from finance leases to minibus taxi operators. SA Taxi has strict policies for granting credit. Loans and advances comprise a large number of accounts which are secured by minibus taxis. Collections of instalments are made through a combination of cash and debit order collections, with 83.8% (2021: 87.3%) of the portfolio being cash payers. The nature of SA Taxi's services does not result in significant concentration risks in unsecured credit. It is not the Company's strategy to avoid credit risk, but rather to manage credit risk within the Company's risk appetite and to earn an appropriate risk-adjusted return.

The Company limits its counterparty exposure arising from money market instruments by dealing only with well established financial institutions of high credit standing. Deposits are limited to the big five banks within South Africa.

Credit risk management and measurement

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

The Company assumes that the credit risk on a financial instrument has not increased significantly if the financial instrument is determined to have a low credit risk at the reporting date.

Measurement of expected credit losses (ECL)

The Company measures ECL of a financial instrument in a way that reflects:
• An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
• The time value of money; and
• Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum period considered when measuring ECL is the maximum contractual period (including extension options) over which the Company is exposed to credit risk, and not a longer period, even if that period is consistent with business practice.

20 Financial risk management (continued)

20.1 Credit risk (continued)

Measurement of expected credit losses (ECL) (continued)
The measurement of ECL is a function of the probability of default (PD),loss given default (LGW) and exposure at default (EAD). The assessment of the probability of default and loss given write-offs is based on historical data adjusted by forward looking information as described above.

As for the EAD for financial assets, this is represented by the assets' gross carrying amount at the reporting date and other relevant forward looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Modified financial assets - Standard term extensions
If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, the Company assesses whether there has been a significant increase in the credit risk of the financial instrument by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of default occurring at initial recognition (based on the original, unmodified contractual terms).

Quantitative analysis has proven that the modifications do not exhibit significantly higher risk than non-modified accounts. The value of these modified accounts is immaterial, relative to the book size. Standard modifications are provided to clients in the form of a term extension where the customer has demonstrated payment performance amongst other specified criteria (such as a mechanical breakdown or accident). Although the term of a contract can be extended, the interest rate applicable for the contract remains unchanged and therefore term extensions do not have any effect on the net present value (NPV) of the financial asset. Due to the fact that a vehicle is an income-producing asset, the Company understands that the client is unable to pay if the vehicle is out of operation.

Modified financial assets - Debt rehabilitation program
The devasting impact of the COVID-19 pandemic and associated national lockdowns continue to impact the ability of customers to repay and/or catch up their loan obligations. Collections have been further impacted by the July 2021 civil unrest in Kwa-Zulu Natal and portions of Gauteng, the outbreak of taxi violence during August 2021 in the Western Cape as well as the severe flooding in Kwa-Zulu Natal mainly during April 2022.
COVID-19 relief was previously granted to customers in the form of payment holidays which resulted in the partial capitalisation of arrears for the affected accounts in the month where the respective client qualified for payment relief (capitalisation applied to the instalments that were raised during the relief time and did not include all arrears). The interest rate remained unchanged, and the term extension did not change the present value of the remaining cash flows. Arrears were not modified, and as a result, the accounts rolled forward without modification.
Given the distressed economic environment over the past 2 years, SA Taxi commenced with a debt rehabilitation program to support its customers during 2022 with a group total of 6 729 accounts being restructured (which represents 18.7% of the group loan book). This mainly includes extending the term of the contracts, amongst other relief measures and is subject to strict payment performance criteria such that customers must demonstrate an extended period of corrective payment behaviour prior to qualifying for debt rehabilitation.
The program has not had a material impact on the financial performance given that payment is required in order to qualify for the relief which naturally improves recency on the account. A net modification loss of R432k has been recognized in the current year mainly due to interest rate concessions (refer to note 12).
Customer performance continues to be closely monitored thereafter with quick remedial action taken, where required.

Method of provisioning and fair valuing
The SA Taxi Holdings (Pty) Ltd credit committee is responsible for providing executive management and oversight over all credit risk arising within and impacting the SA Taxi balance sheet. Credit risk policies are consistently applied across the SA Taxi group of companies. Credit committee meetings are attended by the company chief executive officer, chief financial officer, chief commercial officer and executive director of capital management.

The credit policy is designed to ensure that the company's credit process is efficient for the applicant while providing the company with the necessary details to make informed credit decisions. The company takes the following into consideration in granting credit to prospective customers:

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

20 Financial risk management (continued)

20.1 Credit risk (continued)

Method of provisioning and fair valuing (continued)

The expected loss model is developed using statistical techniques based on actual historical data. The expected loss is calculated for each active account, using parameter estimates including the probability of default (PD), exposure at default (EAD) and loss given write-off's (LGWs). The segmentation ensures homogenous risk buckets. The LGW is calculated on an explicit basis per account, taking into consideration the settlement balance, recovery value (being either a violation insurance claim less excess, or the market value less repair costs, where applicable), discount rates and discount periods.

The Company determines whether the credit risk of financial instruments has increased significantly since initial recognition based on the contractual delinquency (CD) state (aging and recency). If the account is in stage 1 then the 12-month expected credit loss is calculated, otherwise, for stage 2 & 3, the lifetime expected loss is calculated.

The Company determines significant increases in credit risk using both arrears aging and recency of payments for an account. Due to the nature of the business and higher risk appetite, compared to other Tier 1 financiers, it is the expectation that a client who is 30 days past due is not a significant risk. Most of SA Taxi's clients are cash payers because the taxi industry collects fares in cash from commuters. Recency is included in the definition of default as it is an indicator that the minibus taxi is operational as a cash generating unit and therefore indicative of a customers' ability to make payment on the underlying loan. The Company has therefore rebutted the 30-day past due presumption for significantly increased credit risk. This rebuttal is based on a quantitative analysis of account performance relative to expectation at initial recognition as well as alignment to operation collections processes.

The Company's rebuttal is on segments that are never expected to be very large but which are appropriate for the business. The Company has therefore defined stage 2 as an account in arrears that did make a qualifying payment in the last month. A qualifying payment is defined as a payment made which is more than 50% of the instalments due in the last month.

The Company has defined default as 75 days past due (more than 2.5 missed instalments), with no qualifying payment received in the past 3 months. The 90-day presumption was rebutted based on a quantitative analysis of the PDs and alignment to operational collection processes.

The definition of credit-impaired financial assets aligns to the default definition, as described above. This ensures consistency between the accounting treatment, impairment modelling and internal credit risk management practices. Write-off of an asset occurs at the point of sale of the vehicle, following repossession (or write off, where applicable) or following receipt of a total loss insurance claim.

Once a vehicle has been repossessed, and final recovery paid by way of a violation insurance claim or through refurbishment and ultimate sale of the repossessed vehicle, any difference between the net recovery value and the outstanding amount of the underlying asset is written off. Amounts written off in the current year still subject to enforcement activity total R26.9m (2021: R1.2m). Refer to note 12.

The Company has performed a detailed statistical analysis on a multitude of macro-economic factors, namely Prime Rate, Unemployment Rate, Petrol Price, USD/ZAR Exchange Rate, GDP and CPI. Regression analysis shows that the economic factors do not add explanatory power to the model, hence they are not included. We have incorporated a forward-looking forecast for the mechanical repair costs and resale values as these have shown consistent trends over time. Continued investment into parts procurement is expected to manage any inflationary effect on mechanical repair cost in the foreseeable future.

20 Financial risk management (continued)

20.1 Credit risk (continued)

20.1.1 Financial assets subject to credit risk

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

	Loans and advances ** R'000	Trade & other receivables * R'000	Other financial assets R'000	Total R'000
2022				
Neither past due nor impaired	548,479	32,023	23,857	604,359
Past due but not impaired	554,377	-	-	554,377
Impaired	207,106	-	-	207,106
Impairment provision	(19,473)	-	-	(19,473)
Carrying value of financial assets	**1,290,489**	**32,023**	**23,857**	**1,346,369**
2021				
Neither past due nor impaired	606,976	11,592	23,561	642,129
Past due but not impaired	316,178	-	-	316,178
Impaired	58,871	-	-	58,871
Impairment provision	(4,225)	-	-	(4,225)
Carrying value of financial assets	**977,800**	**11,592**	**23,561**	**1,012,953**

**Prepayments and VAT receivable are not financial assets and therefore have been excluded from trade and other receivables.*

*** IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand. Refer to note 6 for more detail.*

20 Financial risk management (continued)

20.1 Credit risk (continued)
20.1.2 Financial assets that are past due but not impaired

Financial assets that are past due but not impaired are assets where contractual interest or principal payments are past due, but the group believes that impairment is not appropriate. Recent payment history and the level of collateral available, if any, are key considerations in determining whether an asset is impaired.

Credit impaired financial assets are determined considering both ageing and recency of payments. SA Taxi customers are mostly cash payers given that they earn their fares from commuters in cash. Recency enables us to understand the cashflow that is generated from the underlying asset which is indicative of a customers' ability to make payment on the underlying loan. The impairment provision calculated on loans and advances disclosed as past due but not impaired are measured applying lifetime expected credit losses. Of the R88.9 million (2021: R18.7 million) reflected as part of past due (older than 4 months) but not impaired, a qualifying payment was received on accounts reflecting an exposure balance of R43 million (49%) (2021: R4.1 million (22%)) in the most recent month, with the remaining 51% (2021: 78%) being collected in the two months prior to the most recent month.

Our models continue to reflect the customers' financial performance information while on book (including their performance over the period affected by COVID 19) and historical performance remains a strong indicator of future performance with the impact of Covid 19 embedded into the underlying impairment provision.

The ageing of loans and advances and trade and other receivables that are past due but not impaired is as follows:

	Past due up to 1 month R'000	Past due up to 1 - 2 months R'000	Past due up to 2 - 3 months R'000	Past due up to 3 - 4 months R'000	Past due older than 4 months R'000	Total R'000
2022						
Loans and advances*	223,099	142,273	62,402	37,713	88,890	554,377
	223,099	142,273	62,402	37,713	88,890	554,377
2021						
Loans and advances*	150,802	62,830	51,164	32,730	18,652	316,178
	150,802	62,830	51,164	32,730	18,652	316,178

**IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand.*

20.1.3 Loans and advances that are neither past due nor impaired

		2022 R'000	2021 R'000
Carrying amount of loans and advances		548,479	606,976
Credit quality	High	269,598	234,182
	Medium	130,572	129,873
	Low	148,309	242,921

The credit quality of loans and advances is determined as follows:

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

In addition to the loans and advances disclosed above, other loans receivables have been assessed as having no significant increased credit risk based on the nature of the counterparty and the recent payment history. Similarly, trade and other receivables have been deemed to not have significant increased credit risk as all the debtors are on standard terms with minimal write-off's and limited concentration to individual debtors.

20 Financial risk management (continued)

20.1 Credit risk (continued)

20.1.4 Impairment provision reconciliation

	12 month expected credit losses R'000	Lifetime expected credit losses R'000	Credit impaired financial assets R'000	TOTAL R'000
Opening balance - 1 October 2020	-	-	-	-
Provisions raised on assets bought into the structure	415	841	2,969	4,225
Closing balance - 30 September 2021*	415	841	2,969	4,225
Provisions raised on assets bought into the structure	19	12	3,274	3,305
Existing book movements	(287)	(55)	14,115	13,773
Write - off's	(61)	(449)	(1,263)	(1,773)
Settlements in the normal course of business	(6)	(15)	(36)	(57)
Closing balance - 30 September 2022*	**80**	**334**	**19,059**	**19,473**

** IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand*

20.1.5 Credit risk exposure

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

	12 month expected credit losses R'000	Lifetime expected credit losses R'000	Credit impaired financial assets R'000	TOTAL R'000
2022				
Neither past due nor impaired	548,479	-	-	548,479
Past due but not impaired	162,163	392,214	-	554,377
Impaired	-	-	207,106	207,106
Impairment provision	(80)	(334)	(19,059)	(19,473)
Total	**710,562**	**391,880**	**188,047**	**1,290,489**
2021				
Neither past due nor impaired	606,976	-	-	606,976
Past due but not impaired	103,300	212,878	-	316,178
Impaired	-	-	58,871	58,871
Impairment provision	(415)	(841)	(2,969)	(4,225)
Total	**709,861**	**212,037**	**55,902**	**977,800**

** IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand*

20 Financial risk management (continued)

20.2 Interest rate risk

Interest rate risk is the risk of loss arising from changes in the fair value or future cash flows of a financial instrument as a result of movement in market interest rates. The Company is exposed to interest rate risk associated with the effects of fluctuations in the prevailing levels of market rates on future cash flows of a financial instrument and the fair value of the financial instrument based on changes in market interest rates.

The table below summarises the net exposure of the group to interest rate risk through grouping assets and liabilities that are affected by floating rates.

20.2.1 Risk profile of interest bearing liabilities and assets

	Up to 1 month	1 to 3 months	4 to 12 months	Beyond 12 months	Non interest sensitive items	Total
2022	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Assets						
Cash and cash equivalents	10,530	-	-	-	-	10,530
Money market deposits***	13,327	-	-	-	-	13,327
Trade and other receivables*	-	-	-	-	32,023	32,023
Loans and advances **	1,290,489	-	-	-	-	1,290,489
Total assets	1,314,346	-	-	-	32,023	1,346,369
Liabilities						
Trade and other payables	-	-	-	-	88,134	88,134
Interest bearing liabilities	-	1,113,341		-	73,151	1,186,492
Loans from group companies	174,884	-	-	-	-	174,884
Total liabilities	174,884	1,113,341	-	-	161,285	1,449,510
On balance sheet interest sensitivity	**1,139,462**	**(1,113,341)**	**-**	**-**	**(129,261)**	**(103,141)**

	Up to 1 month	1 to 3 months	4 to 12 months	Beyond 12 months	Non interest sensitive items	Total
2021	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Assets						
Cash and cash equivalents	11,434	-	-	-	-	11,434
Money market deposits***	12,127	-	-	-	-	12,127
Trade and other receivables*	-	-	-	-	11,592	11,592
Loans and advances **	977,800	-	-	-	-	977,800
Total assets	1,001,361	-	-	-	11,592	1,012,953
Liabilities						
Trade and other payables	-	-	-	-	38,664	38,664
Interest bearing liabilities	-	790,962		-	78,625	869,587
Loans from group companies	104,559	-	-	-	-	104,559
Total liabilities	104,559	790,962	-	-	117,289	1,012,810
On balance sheet interest sensitivity	**896,802**	**(790,962)**	**-**	**-**	**(105,697)**	**143**

** Prepayments and VAT receivable are not a financial asset and therefore have been excluded from trade and other receivables.*

*** IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand*

****The money market investments have been reclassified in order to present both cash and cash equivalents and money market investments separately in the Statement of Financial Position, which is in line with the requirements of IAS7. Comparatives have been updated to reflect this reclassification. Refer to note 4 for more information.*

20 Financial risk management (continued)

20.2.2 Interest rate sensitivity analysis

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: prime, JIBAR. The sensitivity that is applied is the amount that could reasonably be expected to occur, and has been determined as 100 basis points up and down. As the company has no control over rate movements, it cannot predict the effect of future rate movements, if any.

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

Interest rate risk	30 September 2022 Effect on profit before tax of 1% change in rates R'000	30 September 2022 Total carrying value of asset class R'000	30 September 2021 Effect on profit before tax of 1% change in rates R'000	30 September 2021 Total carrying value of asset class R'000
Assets				
Loans and advances*	12,905	1,290,489	9,778	977,800
Trade and other receivables**	-	32,023	-	11,592
Cash and cash equivalents	105	10,530	114	11,434
Money market deposits***	133	13,327	121	12,127
	13,143	1,346,369	10,013	1,012,953
Liabilities				
Interest bearing borrowings	11,133	1,186,492	7,910	869,587
- Fixed rate borrowings	-	73,151	-	78,625
- Floating rate borrowings	11,133	1,113,341	7,910	790,962
Trade and other payables	-	88,134	-	38,664
Loans from group companies	1,749	174,884	1,046	104,559
	12,882	1,449,510	8,956	1,012,810

** IFRS7 disclosures relate to loans and advances and exclude the impact repossessed vehicles on hand. Refer to note 6 for more detail.*
***Prepayments and VAT receivables are not financial assets and therefore have been excluded from Trade and other receivables.*
**** R13 million (2021: R12 million) ceded as part security for securitisation debentures and loans as shown in note 9, and therefore regarded as restricted cash and separately disclosed. The money market investments have been reclassified in order to present both cash and cash equivalents and money market investments separately in the Statement of Financial Position, which is in line with the requirements of IAS7.*

20 Financial risk management (continued)

20.3 Liquidity risk management

Liquidity risk is the risk that the Company is unable to meet payment obligations when they fall due or that insufficient funds are available to meet loan demands in the ordinary course of business. The Company's objectives in relation to liquidity risk management 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 monitoring and reporting of liquidity risk takes the form of, as a minimum, cash flow projections to settlement of longest dated funding obligations by subsidiary or securitisation vehicle, an analysis of the Company's borrowing facilities and utilisation thereof, borrowing facilities under discussion, maturity profile and concentration of liability by counterparty, asset maturities and borrowing facility obligations and special conditions.

The SA Taxi debt capital markets (DCM) team is responsible for executing on fund raising mandates given to it by each subsidiary in support of their respective business models. This includes the ongoing assessment and evaluation of various funding sources designed to grow and diversify the Company's funding base in order to achieve an optimal funding profile and sound liquidity. The DCM team is also responsible for the ongoing monitoring of asset portfolio performance and its impact on funder obligations including covenants.

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

Prudent liquidity risk management implies maintaining sufficient cash and undrawn facilities and the availability of funding through adequate committed credit facilities.

We have sufficient liquidity and financial flexibility to support underlying business operations as at 30 September 2022 and our Company's balance sheet remains well capitalized.

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

2022	On demand R'000	Within 1 year R'000	From 1 - 5 years R'000	More than 5 years R'000	Total R'000
Liabilities					
Trade and other payables	-	88,134	-	-	88,134
Interest bearing liabilities*	-	640,748	719,437	1,593	1,361,778
Loans from group companies	-	22,951	83,029	215,332	321,311
Total Liabilities	**-**	**751,833**	**802,466**	**216,925**	**1,771,223**

2021	On demand R'000	Within 1 year R'000	From 1 - 5 years R'000	More than 5 years R'000	Total R'000
Liabilities					
Trade and other payables	-	38,664	-	-	38,664
Interest bearing liabilities*	-	238,453	875,750	52	1,114,255
Loans from group companies	-	10,959	62,450	162,922	236,331
Total Liabilities	**-**	**288,076**	**938,200**	**162,974**	**1,389,250**

**Future cash outflows in respect of interest bearing liabilities (capital and interest)*

20 Financial risk management (continued)

20.3 Liquidity risk management (continued)

The table below sets out the facility of the entity's listed notes as at issue and reporting date:

Stock code	Balance at issue (ZAR) R'000	Balance at 30 September 22 (ZAR) R'000	Balance at 30 September 21 (ZAR) R'000
TR5OM1	90,000	-	66,732
TR50M2	75,000	-	-
TR5A11	329,000	276,494	326,167
TR5A12	172,000	144,550	-
TR5A21	191,000	189,508	189,355
TR5A22	174,000	172,641	-
TR5A31	80,000	73,151	78,625
TRA5B1	150,000	148,828	148,708
TRA5B2	87,000	86,320	-
TRA5C1	60,000	60,000	60,000
TRA5C2	35,000	35,000	-
	1,443,000	1,186,492	869,587

20.4 Capital management

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

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

The policy is to maintain a strong capital base so as to retain investor and creditor confidence and to sustain future development of the Company. The SA Taxi board of directors monitors the cost of capital, which is defined as the weighted average cost of capital, taking into account the Company's internally calculated cost of equity (shareholder funding) and long-term cost of debt assumptions. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position.

20 Financial risk management (continued)

20.5 Currency risk

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

The Company has no significant exposure to foreign currency risk.

20.6 *Fair value disclosure*

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit and loss.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date.

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

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

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

Level 2 Valuation techniques using market observable inputs, including:
- Using recent arm's length market transactions;
- Reference to the current fair value of similar instruments; and
- Discounted cash flow analysis, pricing models or other techniques commonly used by market participants.

Level 3 Valuation techniques, as described for level 2 above, for which not all inputs are market observable prices or rates. Such a financial instrument is initially recognized at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as "day one profit or loss', is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

The valuation techniques in level 2 and level 3 use inputs such as interest rate yield curves, equity prices, commodity and currency prices/yields, volatilities, and the correlation between inputs. The models used in these valuation techniques are calibrated against industry standards, economic models and against transaction process, where applicable.

Valuations methods and assumptions:

Loans and advances for premium vehicles entered into at variable interest rates approximate fair value as the estimated future cash flows are already considered in the expected loss model. The fair value of loans and advances for premium vehicles at fixed interest rates, which is a small component of the loan book, is determined by adjusting the discount rate from the effective interest rate of the contract to a current effective lending rate.
The fair value of interest-bearing liabilities is calculated based on future cash flows, discounted using a forward rate curve plus a valuation margin. The valuation margin is a consensus margin at which deals with similar remaining cash profiles could be secured in the market at the valuation date.
The carrying value of trade and other receivables, cash and cash equivalents, trade and other payables and bank overdrafts approximates fair value as they are short-term in nature and not subject to material changes in credit risk and fair value.

20 Financial risk management (continued)

20.6 Fair value disclosure (continued)

In addition the disclosure below represents the fair values of financial instruments not carried at fair value on the statement of financial position, but for which fair value is required to be disclosed. For all other financial instruments, the carrying value is equal to or a reasonable approximation of fair value.

The Company's fair value levels are set out below:

	Total carrying value of asset class R'000	Fair value R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
30 September 2022					
Assets					
Loans and advances*	1,290,489	1,290,489	-	-	1,290,489
	1,290,489	1,290,489	-	-	1,290,489
Liabilities					
Interest bearing borrowings	1,186,492	1,202,473	-	-	1,202,473
- Fixed rate borrowings	73,151	77,711	-	-	77,711
- Floating rate borrowings	1,113,341	1,124,761	-	-	1,124,761
	1,186,492	1,202,473	-	-	1,202,473
30 September 2021					
Assets					
Loans and advances*	977,800	977,800	-	-	977,800
	977,800	977,800	-	-	977,800
Liabilities					
Interest bearing borrowings	869,587	877,680	-	-	877,680
- Fixed rate borrowings	78,625	79,758	-	-	79,758
- Floating rate borrowings	790,962	797,922	-	-	797,922
	869,587	877,680	-	-	877,680

** IFRS7 disclosures relate to loans and advances and exclude the impact repossessed vehicles on hand. Refer to note 6 for more detail.*

21 Hedge accounting

The Company applies hedge accounting to represent the economic effects of its interest and currency risk management strategies.

A derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date. The Company uses derivative financial instruments to manage its exposure to interest rate risk. The Company does not hold or issue derivative financial instruments for trading purposes. The Company designates certain derivatives as cash flow hedges and interest rate risk as fair value hedges in line with IFRS 9.

Derivative financial instruments are initially recognised in the statement of financial position at fair value. Derivatives are subsequently re-measured at their fair value with all movements in fair value recognised in profit or loss, unless it is a designated and effective hedging instrument. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company treats derivatives embedded in other financial or non-financial instruments such as the conversion option in a convertible bond, as separate derivatives when:

- Their risks and characteristics are not closely related to those of the host contract;
- They meet the definition of a derivative; and
- The host contract is not carried at fair value, with gains and losses reported in profit or loss

Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the group applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation, as appropriate to the risks being hedged.

Fair value hedges of interest rate risk
The Company uses interest rate swaps exchanging fixed rate interest for floating rate liabilities.

Where a hedging relationship is designated as a fair value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Fair value gains and losses arising on the pre-measurement of both the hedging instrument and the hedged item are recognised in profit and loss, for so long as the hedging relationship is effective.

The Company policy is to borrow funds at floating rates of interest as, over the longer term, this is considered by management to give a natural hedge as funds are lent to customers at floating rates. In certain circumstances, the Company uses interest rate swap contracts to manage its exposure to interest rate movements on a portion of its existing debt.

Any hedge ineffectiveness is recognised in profit and loss in non-interest revenue. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for fair-value hedge accounting, or the designation is revoked, then hedge accounting is discontinued.

During the year, the fair value hedges were determined to be effective in hedging the fair value exposure to interest rate movements. As a result of the hedging relationship, the fair value hedge movement is adjusted to the underlying liabilities to the value of R11.0 million (2021: R4.6 million). The nominal value is equal to the capital amount of the hedged item.

Derivative assets/(liabilities)	**2022** **R'000**	**2021** **R'000**
Derivatives held for risk management		
Interest rate swap	(10,982)	(4,556)
Net amount	(10,982)	(4,556)

21 Hedge accounting (continued)

Hedging instruments per risk category

30 September 2022	**Notional amount***	**Carrying amount of hedging instrument**		
	Local Currency (ZAR'000)	**Assets**	**Liabilities**	**Hedge ineffectiveness**
Fair value hedges **				
Interest rate risk				
Interest rate swaps	80,000	-	6,308	-

30 September 2021	**Notional amount***	**Carrying amount of hedging instrument**		
	Local Currency (ZAR'000)	**Assets**	**Liabilities**	**Hedge ineffectiveness**
Fair value hedges **				
Interest rate risk				
Interest rate swaps	80,000	-	706	-

** This represents the gross notional amounts of all outstanding contracts at year end.*
*** Excludes interest rate swaps not part of a hedging relationship (2022: R4.7 million; 2021: R3.9 million). The notional amount of interest rate swaps are presented.*

Interest rate benchmarks and reference to interest rate reforms
The company is primarily exposed to JIBAR interest rate benchmarks in relation to its financial instruments (including derivatives and non derivative financial assets and liabilities). JIBAR may transition to the interest rate reform at a later stage.
The company is exposed to interest rate swaps exchanging fixed rate interest for floating rate liabilities and assets (in relation to JIBAR) which are within the ambit of the interest rate benchmark reform.
The company continues to monitor the industry and is engaging with the relevant market participants in this regard, which includes the related funders and hedge counterparties. The most efficient outcome will be sought that is aligned with market practice and requirements of the various counterparties. Based on feedback from market participants that have adopted the ISDA protocols, it is anticipated that the transition date to the new benchmark rate for legacy financial instruments will be the first payment date after 30 June 2023 (which will be effective for the company's 2023 financial year). The company will continue to assess the impact of the IBOR reform in respect of benchmark rates for new financial instruments entered into prior to this date in light of market practice and counterparty requirements.

21 Hedge accounting (continued)

Interest rate benchmarks and reference to interest rate reforms (continued)

2022	Amounts impacted by IBOR Reform as at 30 September 2022 ZAR	Amounts impacted by IBOR Reform as at 30 September 2021 ZAR
HEDGING INSTRUMENTS	JIBAR	JIBAR
Fair value hedges		
Interest rate swaps*	(6,308)	(706)
HEDGED ITEMS		
Fair value hedges		
Interest rate swaps*	80,000	80,000

** Excludes interest rate swaps not part of a hedging relationship (2022: R4.7 million; 2021: R3.9 million). The notional amount of interest rate swaps are presented.*

The Company is managing its exposure to business and financial risk as a result of the IBOR reform through consistent engagement and collaboration with the relevant counterparties as well as general alignment with market practice and industry experts. The key risks identified include liquidity risk (given fundamental differences in the IBORs and alternative benchmark rates and impact on liquidity management), accounting risk (if the transition is not within the ambit of the Phase 2 amendments resulting in discontinuation of hedging relationships, volatility in profit and loss and modification or derecognition of financial instruments), and interest rate basis risk (given the uncertainty around the alternative benchmark rate that will ultimately apply).

The table below provides information on financial instruments that have yet to transition to an alternative benchmark rate as at the end of the reporting period:

	Financial instruments subject to IBOR reform as at 30 September 2022			
	ZAR	Balances not subject to IBOR reform	Expected credit losses	Total
2022	JIBAR			
Cash and cash equivalents	-	10,530	-	10,530
Money market deposits***	-	13,327	-	13,327
Trade and other receivables**	-	32,023	-	32,023
Loans and advances*	-	1,309,962	(19,473)	1,290,489
Non-derivative financial assets	-	1,365,841	(19,473)	1,346,368
Trade and other payables***	10,982	77,152	-	88,134
Interest bearing liabilities****	1,113,341	73,151	-	1,186,492
Senior debt	1,018,341	73,151	-	1,091,492
Subordinated debt	95,000	-	-	95,000
Group loans	-	174,884	-	174,884
Non-derivative financial liabilities	1,124,323	325,187	-	1,449,510

	Financial instruments subject to IBOR reform as at 30 September 2021			
	ZAR	Balances not subject to IBOR reform	Expected credit losses	Total
2021	JIBAR			
Cash and cash equivalents	-	11,434	-	11,434
Money market deposits***		12,127		12,127
Trade and other receivables**	-	11,592	-	11,592
Loans and advances*	-	982,025	(4,225)	977,800
Non-derivative financial assets	-	1,017,178	(4,225)	1,012,953
Trade and other payables	4,556	34,108	-	38,664
Interest bearing liabilities	790,962	78,625	-	869,587
Senior debt	730,962	78,625	-	809,587
Subordinated debt	60,000	-	-	60,000
Group loans	-	104,559	-	104,559
Non-derivative financial liabilities	795,518	217,292	-	1,012,810

** IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand and ceded insurance contract liabilities. Refer to note 9 for more detail.*

*** Prepayments and VAT receivables are not financial assets and therefore have been excluded from trade and other receivables.*

****The money market investments have been reclassified in order to present both cash and cash equivalents and money market investments separately in the Statement of Financial Position, which is in line with the requirements of IAS7. Comparatives have been updated to reflect this reclassification. Refer to note 4 for more information.*

TRANSSEC 5 (RF) LIMITED
Notes to the Financial Statements
for the year ended 30 September 2022

22 Categorisation of financial instruments

Statement of Financial Position	At fair value through profit and loss	Financial assets carried at amortised cost	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Total
	R'000	R'000	R'000	R'000	R'000
2022					
Assets					
Cash and cash equivalents	-	10,530	-	-	10,530
Money market deposits**	-	13,327	-	-	13,327
Trade and other receivables	-	32,023	-	32,865	64,888
Loans and advances*	-	1,290,489	-	80,274	1,370,763
Current tax receivable	-	-	-	2,231	2,231
Deferred tax	-	-	-	679	679
Total Assets	-	1,346,369	-	116,049	1,462,417
Equity and liabilities					
Liabilities					
Trade and other payables	10,982	-	77,152	-	88,134
Interest bearing liabilities	-	-	1,186,492	-	1,186,492
Loans from group companies	-	-	174,884	-	174,884
Total Liabilities	10,982	-	1,438,528	-	1,449,510
Total equity attributable to owners of the parent					12,908
Total equity and liabilities					1,462,418
	R'000	R'000	R'000	R'000	R'000
2021					
Assets					
Cash and cash equivalents	-	11,434	-	-	11,434
Money market deposits	-	12,127	-	-	12,127
Trade and other receivables	-	11,592	-	4,952	16,544
Loans and advances	-	977,800	-	1,528	979,328
Current tax receivable	-	-	-	753	753
Total Assets	-	1,012,953	-	7,233	1,020,186
Equity and liabilities					
Liabilities					
Trade and other payables	4,556	-	34,108	-	38,664
Deferred tax	-	-	-	442	442
Interest bearing liabilities	-	-	869,587	-	869,587
Loans from group companies	-	-	104,559	-	104,559
Total Liabilities	4,556	-	1,008,254	442	1,013,252
Total equity attributable to owners of the parent					6,934
Total equity and liabilities					1,020,186

** IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand.*
*** The money market investments have been reclassified in order to present both cash and cash equivalents and money market investments separately in the Statement of Financial Position, which is in line with the requirements of IAS7. Comparatives have been updated to reflect this reclassification. Refer to note 4 for more information.*

23 Going concern

The annual financial statements were prepared on a going concern basis. Based on their assessment, the directors have no reason to believe that the Company will not continue as a going concern in the foreseeable future. This assessment considers, the continuing impacts of COVID 19, as well as the floods in KwaZulu Natal and included the assessment of the relevance of its business models; the nature of the primary assets and the cash-flows generated from these assets as well as the company's balance sheet and liquidity.

Business model relevance

Most South Africans rely on public transport, with the minibus taxi industry being the largest and most vital service in the integrated public transport network. More commuters choose minibus taxis over bus or rail services due to competitive pricing, convenience and accessibility, with the industry providing more than 15 million trips a day.

Nature of primary assets

The absolute value of the primary balance sheet asset, gross loans and advances and the amount of cash to be collected will be preserved even if there is a need to collect on these assets over an extended period. This is evidenced by (i) the useful life of a minibus taxi which is in excess of nine years (108 months) versus an average loan term at origination of just under seven years (81 months), and (ii) the fact that the company has an operational ability to further extend this life through its internal refurbishment capabilities.

Balance sheet and liquidity

The Company has sufficient liquidity and financial flexibility to support underlying business operations as at 30 September 2022.

Refer to the liquidity risk management in note 20.

24 Events subsequent to reporting date

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 2022 and the date of release of these annual financial statements.