



**TRANSCAPITAL  
INVESTMENTS LIMITED**

Audited annual  
financial statements

2020

For the year ended  
30 September



Transaction Capital



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

## Directors' responsibility statement

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

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

The annual financial statements are prepared on the going concern basis. The directors have assessed the company's ability to continue as a going concern and have noted that as at 30 September 2020 the company's liabilities exceed its assets by R3,036,092. The company's ultimate holding company, Transaction Capital Limited, has undertaken to take all the appropriate action to ensure the company has access to the technical and financial resources needed to successfully continue in operation and meet its contractual obligations. On this basis the directors have satisfied themselves that the entity has sufficient borrowing facilities and technical financial support to continue in operation for the foreseeable future. A letter of support to this effect has been provided.

The auditors are responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework, and their unmodified report appears on pages 11 to 12.

Theresa Palos was replaced with Sharon Nayger as company secretary effective 1 November 2020.

## APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements on pages 13 to 26 were approved by the board of directors on 24 November 2020, and are signed on their behalf.

**David Hurwitz**  
Director

**Sean Doherty**  
Director

## Company secretary's certificate

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

I hereby certify that, to the best of my knowledge and belief, the company has filed all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

**Sharon Nayger**  
Company secretary  
24 November 2020

## Directors' report

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### NATURE OF BUSINESS

The company has been incorporated for the purposes of funding the borrowing requirements of the holding company, Transaction Capital Limited, and its subsidiaries.

#### FINANCIAL RESULTS

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

#### DIRECTORATE

The names of the directors in office at the date of this report are set out on page 27.

#### HOLDING COMPANY

Transaction Capital Limited owns 100% of the issued shares in the company.

## Audit, risk and compliance committee report

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

The responsibilities of the audit, risk and compliance (ARC) committee are set out in the Companies Act, 71 of 2008 as amended (the 'Act'), Transcapital Investment's Memorandum of Incorporation, the King IV Report on Corporate Governance for South Africa, 2016 (King IV) and the JSE Limited Listings Requirements. The ARC committee's terms of reference are reviewed annually and approved by the board.

### COMPOSITION

At 30 September 2020, the ARC committee comprised of three independent non-executive directors, all of whom are financially literate and have adequate financial and commercial experience to fulfil their roles as members. The committee meets four times per year, with two members of the ARC committee forming a quorum.

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

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

Phumzile Langeni resigned as a member of the ARC committee with effect from 30 June 2020 to enable her to better balance her time commitments. Christopher Seabrooke resigned as a member of the ARC committee with effect from 1 November 2020.

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

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

The effectiveness of the ARC committee and its members is assessed on an annual basis.

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

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

### ROLES AND RESPONSIBILITIES

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

#### THE PREPARATION OF FINANCIAL REPORTING

- ▷ Ensure appropriate financial reporting procedures are established and operating effectively;
- ▷ Review of the annual financial statements, accounting practices and policies, internal financial controls and reports; and
- ▷ Ensure the integrity of the integrated annual report.

#### COMBINED ASSURANCE

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

#### INTERNAL AUDIT

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

## Audit, risk and compliance committee report continued

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### EXTERNAL AUDIT

- ▷ Recommend/nominate the external auditor for appointment by the shareholders;
- ▷ Approve the external auditor's engagement terms, including remuneration;
- ▷ Monitor the relationship between the external auditor and management;
- ▷ Report on the independence of the external auditor in the annual financial statements;
- ▷ Define a policy for non-audit services provided by the external auditor and pre-approve contracts for non-audit services outside this policy; and
- ▷ Review the performance and effectiveness of the external audit process.

#### GOVERNANCE

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

#### ACCOUNTING

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

#### RISK

- ▷ Oversee the development and annual review of a policy and plan for risk management;
- ▷ Monitor implementation of the policy and plan for risk management;
- ▷ Ensure that continuous risk monitoring by management takes place within the levels of risk tolerance approved by the board; and
- ▷ Oversee the management of:
  - Financial reporting risks;
  - Internal financial controls;
  - Fraud risks relating to financial reporting;
  - Tax risks;
  - Information and technology risks;
  - Compliance risks; and
  - Risks in relation to the group's capital and funding requirements and policies (with direct oversight by the asset and liability committee).

#### COMPLIANCE

- ▷ The ARC committee has oversight of compliance with applicable laws and regulations.

#### REQUIREMENTS OF THE ACT

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

**THE ARC COMMITTEE CONFIRMS THAT IT HAS ADOPTED APPROPRIATE FORMAL TERMS OF REFERENCE TO DISCHARGE ITS RESPONSIBILITIES, HAS REGULATED ITS AFFAIRS AND HAS DISCHARGED ALL OF ITS RESPONSIBILITIES AS CONTAINED THEREIN.**

#### ANNUAL CONFIRMATIONS

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

- ▷ The internal financial controls of the group have been effective in all material aspects throughout the year under review;
- ▷ These controls have ensured that the group's assets have been safeguarded;
- ▷ The chief financial officer's expertise and experience is deemed appropriate;
- ▷ Appropriate financial reporting procedures have been established and are operating effectively;
- ▷ The group has complied in all material respects with the implemented risk management policy during the year under review;
- ▷ Resources have been utilised efficiently;
- ▷ The skills, independence, audit plan, reporting and overall performance of the external auditors are acceptable and it recommends their re-appointment in 2021; and
- ▷ It has confirmed the suitability of the appointment of the current audit firm and the designated individual partner with the audit firm, having obtained information as required by the JSE Listings Requirements.

## Audit, risk and compliance committee report continued

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### CONCLUSIONS ON ROLES AND RESPONSIBILITIES

##### FINANCE FUNCTION

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

##### INTEGRATED ANNUAL REPORT

The ARC committee oversees the integrated annual reporting process. The committee reviewed the integrated annual report and sustainability report and recommended its approval thereof to the board.

##### RISK MANAGEMENT

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

##### EXTERNAL AUDIT

The external auditors, Deloitte & Touche, have been the auditors of the group for 12 years, with Stephen Munro acting as the new engagement partner for the financial year ending 30 September 2020. The ARC committee has satisfied itself through enquiry and representation that the auditors of the group are independent as defined by the Act.

The ARC committee, in consultation with executive management, agreed to an audit fee for the year under review. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 28 to the consolidated annual financial statements. In addition, the ARC committee has approved a policy for non-audit services provided by the external auditors and is comfortable that non-audit services performed during the year have been reasonable.

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

##### INTERNAL AUDIT

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

The internal audit function underwent an independent quality review in the 2016 financial year, and the internal audit function was found to generally conform to the International Standards for the Professional Practice of Internal Auditing with no material findings being noted.

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

##### GOING CONCERN

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

## Audit, risk and compliance committee report continued

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### ANNUAL FINANCIAL STATEMENTS

The ARC committee:

- ▷ Reviewed the audited annual financial statements after interrogation with management, the external auditors and the internal auditors;
- ▷ Reviewed the external auditor's management letter and management's response thereto;
- ▷ Reviewed adjustments resulting from external audit queries and accepted any unadjusted audit differences; and
- ▷ Received and considered reports from the internal auditors.

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

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

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

#### CONCLUSION

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

#### **Diane Radley**

Audit, risk and compliance committee chairman  
24 November 2020

## Corporate governance report

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### BOARD OF DIRECTORS

The names of the directors in office at the date of this report are set out on page 27.

#### DEBT OFFICER

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

#### INDEPENDENT ADVICE

A director may, if necessary, take independent professional advice at the expense of TransCapital Investments Limited (the company).

#### COMPANY SECRETARY

All directors have access to the advice and services of the company secretary, who provides guidance to the board as a whole and to individual directors with regard to how their responsibilities should be discharged in the best interest of the company.

#### BOARD SUB-COMMITTEES

The audit, risk and compliance committee and social and ethics committee functions are carried out at the holding company, Transaction Capital Limited.

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

#### REMUNERATION PHILOSOPHY

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

#### SUSTAINABILITY REPORTING

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

#### FUNDAMENTAL AND AFFECTED TRANSACTIONS

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

## COMPLIANCE WITH KING IV

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

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

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

Primary roles and responsibilities	Principles	Status	Comment
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To be read in conjunction with Transaction Capital Limited's integrated annual report which is available at <http://www.transactioncapital.co.za/results-reports.php>

### Leadership, ethics and corporate citizenship

1	Leadership	The governing body should lead ethically and effectively.	Apply	<p>The board is committed to good corporate governance. The board of the company and the board of the holding company maintains a high level of individual and collective responsibility and accountability, and strives for fairness and transparency in all its dealings. Together, these principles drive a culture of ethical leadership and support value creation.</p> <p>The Transaction Capital Limited board is responsible for the strategic direction of the group, which it considers in conjunction with the group's values and ethics charter. The group's values form a common platform for effective, responsible and ethical leadership, and are the basis for all deliberations, decisions and actions at board level and within every area of the business.</p> <p>The Transaction Capital Limited board acts as the custodian of governance and has adopted a formal charter that sets out its responsibilities in this regard.</p>
2	Organisational ethics	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Apply	<p>The company is a special purpose vehicle with no employees and all functions are outsourced to its holding company, with the exception of the external audit function. The services performed by its holding company are conducted in accordance with Transaction Capital's ethics charter, as governed by the audit, risk and compliance (ARC) committee.</p> <p>Transaction Capital's ethics charter outlines the group's core values of integrity, respect, excellence, accountability and innovation. In addition, it describes Transaction Capital's guiding business principles that direct all business dealings within the group, by employees and with other stakeholders. As an ethical roadmap for the group, the ethics charter requires all group operations to conduct business with honesty and integrity, and in accordance with the highest legal and ethical standards.</p> <p>The functions performed by its holdings company are also governed by Transaction Capital's social and ethics committee.</p>
3	Responsible corporate citizenship	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Apply	<p>The company is a special purpose vehicle with no employees and all functions are outsourced to its holding company, with the exception of the external audit function.</p> <p>Ultimate responsibility for corporate citizenship lies with the Transaction Capital Limited board, with oversight vested in its social and ethics committee and ARC committee. The principles of responsible corporate citizenship underpin all key aspects of the business.</p>

	Primary roles and responsibilities	Principles	Status	Comment
<b>Strategy, performance and reporting</b>				
4	Strategy and performance	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Apply	The company is a special purpose vehicle. The strategy, direction and functions of the company are prescribed by the programme memorandum, programme agreement, agency agreement and any other ancillary agreements. Any changes to these agreements are approved by the board.  Based on the recommendation of the holding company's ARC committee, the board approves the annual financial statements and any other reports published by the company, where required.  The board ensures that the financial statements, which include the independent auditor's report, are available to stakeholders to make informed assessments of the company's performance.
5	Reporting	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.	Apply	
<b>Governing structures and delegation</b>				
6	Primary role and responsibilities of the governing body	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	Apply	The board of directors of the holding company is the focal point of its corporate governance framework. The holding company follows a stakeholder-inclusive approach to governance, with the holding company board being ultimately responsible and accountable to stakeholders for the performance, activities and control of the company.
7	Composition of the governing body	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	Apply	The board of the holding company, in conjunction with its nominations committee, assesses the composition and membership of the board and its sub-committees annually.  Based on its most recent assessment performed in November 2020, Transaction Capital's board, together with the nominations committee, is satisfied that the holding company's board's composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.
8	Committees of the governing body	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with the balance of power and the effective discharge of its duties.	Apply	A delegation of authority is in place for board sub-committees of the holding company. Board sub-committees have terms of reference, which are reviewed annually.  The governance function of the board sub-committees is outlined in the respective approved committee terms of reference.
9	Evaluations of the performance of the governing body	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	Apply	A formal performance evaluation of the holding company board, its committees and the company secretary are conducted annually by means of an evaluation questionnaire, to review the mix of skills, performance during the year, contribution and independence of individual directors. Results of the evaluations provide the basis for improvement of the board and its committees for the following year.
10	Appointment and delegation to management	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	Apply	The company does not have any employees and all its functions have been outsourced to its holding company. Such functions are governed by Transaction Capital's committees.

	Primary roles and responsibilities	Principles	Status	Comment
<b>Governance of functional areas</b>				
11	Risk	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	Apply	The company is a special purpose vehicle. The company does not have employees and all its functions have been outsourced to Transaction Capital Limited. The services performed by Transaction Capital Limited are governed by its ARC committee.
12	Technology and information	The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.	Apply	
13	Compliance	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	Apply	
14	Remuneration	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	N/A	The company has no employees and does not remunerate its directors individually.
15	Assurance	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	Apply	The company is a special purpose vehicle. The company does not have employees and all its functions have been outsourced to Transaction Capital Limited. The services performed by Transaction Capital Limited are governed by its ARC committee.  Compliance and internal audit representatives from Transaction Capital Limited are present at the ARC committee meetings.
<b>Stakeholder relationships</b>				
16	Stakeholders	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	Apply	Stakeholder engagement is reported on at the holding company's board and social and ethics committee.
17	Institutional investors	The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	N/A	The company is not an institutional investor.

## Independent auditor's report

### TO THE SHAREHOLDERS OF TRANSCAPITAL INVESTMENTS LIMITED

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### OPINION

We have audited the financial statements of TransCapital Investments Limited set out on pages 13 to 26, which comprise the statement of financial position as at 30 September 2020 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of TransCapital Investments Limited as at 30 September 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

##### BASIS FOR OPINION

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

##### OTHER INFORMATION

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

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

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

##### RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

## Independent auditor's report continued

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS continued

##### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- ▷ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▷ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of company's internal control.
- ▷ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▷ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- ▷ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Deloitte & Touche**

Registered Auditor

Per: Stephen Munro

Partner

24 November 2020

5 Magwa Crescent, Waterfall City, Waterfall

## Statement of financial position

AT 30 SEPTEMBER

	Notes	2020 R	2019 R
<b>Assets</b>			
Cash and cash equivalents	1	43 547	45 384
Trade and other receivables	2	54 311	49 374
Deferred tax assets	3	863 969	663 234
<b>Total assets</b>		<b>961 827</b>	757 992
<b>Liabilities</b>			
Trade and other payables	4	13 842	6 575
Group loans		3 984 077	3 271 332
<b>Total liabilities</b>		<b>3 997 919</b>	3 277 907
<b>Equity</b>			
Ordinary share capital	5	100	100
Retained earnings		(3 036 192)	(2 520 015)
<b>Equity attributable to ordinary equity holders</b>		<b>(3 036 092)</b>	(2 519 915)
<b>Total equity</b>		<b>(3 036 092)</b>	(2 519 915)
<b>Total equity and liabilities</b>		<b>961 827</b>	757 992

## Statement of comprehensive income

FOR THE YEAR ENDED 30 SEPTEMBER

		2020 R	2019 R
Interest income	6	566	1 380
Interest expense	6	-	-
<b>Net interest income</b>	<b>6</b>	<b>566</b>	1 380
Operating costs	7	(717 479)	(1 877 087)
<b>Loss before tax</b>		<b>(716 913)</b>	(1 875 707)
Income tax	8	200 736	297 122
<b>Loss for the year</b>		<b>(516 177)</b>	(1 578 585)
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(516 177)</b>	(1 578 585)

## Statement of changes in equity

FOR THE YEAR ENDED 30 SEPTEMBER

	Number of ordinary shares	Share capital R	Retained earnings R	Total equity R
<b>Balance at 30 September 2018</b>	100	100	(941 430)	(941 330)
Total comprehensive income/(loss)	–	–	(1 578 585)	(1 578 585)
Loss for the year	–	–	(1 578 585)	(1 578 585)
<b>Balance at 30 September 2019</b>	<b>100</b>	<b>100</b>	<b>(2 520 015)</b>	<b>(2 519 915)</b>
Total comprehensive loss	–	–	(516 177)	(516 177)
Loss for the year	–	–	(516 177)	(516 177)
<b>Balance at 30 September 2020</b>	<b>100</b>	<b>100</b>	<b>(3 036 192)</b>	<b>(3 036 092)</b>

## Statement of cash flows

### FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2020 R	2019 R
<b>Cash flow from operating activities</b>			
Cash generated by operations	9	(717 479)	(1 062 530)
Interest received		566	1 380
<b>Cash flow from operating activities before changes in operating assets and working capital</b>		<b>(716 913)</b>	<b>(1 061 150)</b>
<b>Changes in working capital</b>		<b>2 330</b>	<b>(29)</b>
Increase in trade and other receivables		(4 937)	(430)
Increase in trade and other payables		7 267	401
<b>Net cash utilised by operating activities</b>		<b>(714 583)</b>	<b>(1 061 179)</b>
<b>Cash flow from financing activities</b>			
Increase in loans from group companies		712 746	1 068 831
<b>Net cash generated by financing activities</b>		<b>712 746</b>	<b>1 068 831</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1 837)</b>	<b>7 652</b>
Cash and cash equivalents at the beginning of the year	1	45 384	37 732
<b>Cash and cash equivalents at the end of year*</b>	1	<b>43 547</b>	<b>45 384</b>

\* Cash and cash equivalents are presented net of bank overdrafts and includes cash transferred as part of assets held for sale.

# Accounting policies

## FOR THE YEAR ENDED 30 SEPTEMBER 2020

The financial statements of TransCapital Investments Limited 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 Listings 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.

Reference to the current maturities of these financial assets and liabilities are disclosed in the statement of financial position notes and in the analysis of financial assets and liabilities. The accounting policies are consistent with the prior year, except for the adoption of IFRS 16 – Leases in the current financial year. The adoption of IFRS 16 had no impact on the financial statements.

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

The principal accounting policies are set out below:

### 1 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.

#### 1.1 INITIAL RECOGNITION

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

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

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

#### 1.2 FINANCIAL ASSETS

##### 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 and trade and other receivables.

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Interest income is recognised in profit or loss and is included in the interest income line item in note 6.

#### 1.3 IMPAIRMENT

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

Impairment losses or reversals are recognised in profit or loss.

## Accounting policies continued

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 2 TAXATION

### 2.1 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.

### 2.2 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 or taxable profit nor tax loss.

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

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

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

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

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

Deferred tax assets and deferred 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.

## 3 MANAGEMENT ESTIMATES

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

## NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

### NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

#### **IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:

- ▷ Use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting;
- ▷ Clarify the explanation of the definition of material; and
- ▷ Incorporate some of the guidance in IAS 1 about immaterial information.

The amended definition is:

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendment is effective for the financial year ending 30 September 2021. The amendment is not expected to have a material impact on the company's financial statements.

## Accounting policies continued

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 3 MANAGEMENT ESTIMATES continued

#### NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS continued

##### NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE continued

###### ***IFRS 3 – Business combinations***

The standard is effective for the financial year ending 30 September 2022. The amendment is not expected to have any impact on the company's financial statements.

###### ***Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)***

The standard is effective for the financial year ending 30 September 2023. The amendment is not expected to have any impact on the company's financial statements.

###### ***Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)***

The standard is effective for the financial year ending 30 September 2023. The amendment is not expected to have any 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 group are:

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

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

The standard is effective for the financial year ending 30 September 2023. The amendment is not expected to have any impact on the company's financial statements.

## Notes to the financial statements

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 R	2019 R
<b>1 CASH AND CASH EQUIVALENTS</b>		
Bank balances	43 547	45 384
Total cash and cash equivalents	43 547	45 384
<b>Net cash and cash equivalents</b>	43 547	45 384
<b>Total overdraft facilities</b>	-	-
The carrying value of cash and cash equivalents approximates fair value as it is short-term in nature and not subject to material changes in credit risk and fair value.		
<b>2 TRADE AND OTHER RECEIVABLES</b>		
Prepayments	54 311	49 374
<b>Total trade and other receivables</b>	54 311	49 374
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.		
<b>3 DEFERRED TAX</b>		
Deferred tax is presented in the statement of financial position as follows:		
Deferred tax assets	863 969	663 234
<b>Net deferred tax (liabilities)/assets</b>	863 969	663 234
The movements during the year are analysed as follows:		
Balance at the beginning of the year	663 234	366 112
Recognised in the income statement for the year	200 735	297 122
<b>Net deferred tax (liabilities)/assets at the end of the year</b>	863 969	663 234
Deferred tax assets have only been recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The assessments are performed on a continuous basis and if required the deferred tax asset is impaired.		

	Opening balance R	Charged to income statement R	Closing balance R
<b>2020</b>			
<b>Temporary difference</b>			
Assessed loss unutilised	663 234	200 735	863 969
<b>Total</b>	663 234	200 735	863 969
<b>2019</b>			
<b>Temporary difference</b>			
Assessed loss unutilised	366 112	297 122	663 234
<b>Total</b>	366 112	297 122	663 234

## Notes to the financial statements continued

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 R	2019 R
<b>4</b>		
<b>TRADE AND OTHER PAYABLES</b>		
Trade payables and accruals	13 842	6 575
<b>Trade and other payables</b>	<b>13 842</b>	<b>6 575</b>
Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.		
<b>5</b>		
<b>ORDINARY SHARE CAPITAL</b>		
<b>Authorised</b>		
1 000 ordinary shares		
<b>Issued</b>		
100 (2019: 100) ordinary shares		
Ordinary share capital	100	100
<b>Ordinary share capital</b>	<b>100</b>	<b>100</b>
All issued shares are paid up.		
<b>6</b>		
<b>INTEREST</b>		
<b>Interest income is earned from:</b>		
Cash and cash equivalents	566	1 380
<b>Total interest income</b>	<b>566</b>	<b>1 380</b>
<b>7</b>		
<b>OPERATING COSTS</b>		
<b>Operating costs comprise:</b>		
Audit fees	(7 267)	(6 575)
Bank charges	(122 403)	(173 728)
Consulting fees	(4 784)	(48 780)
Listing costs	(212 308)	(243 066)
Professional fees	(365 700)	(1 396 364)
Secretarial fees	(5 017)	(8 574)
<b>Total operating costs</b>	<b>(717 479)</b>	<b>(1 877 087)</b>
<b>8</b>		
<b>INCOME TAX EXPENSE</b>		
South African normal taxation:		
Deferred taxation	200 736	297 122
Current year	200 736	297 122
<b>Total income tax expense</b>	<b>200 736</b>	<b>297 122</b>
<b>Tax rate reconciliation</b>		
<b>Loss before tax from continuing operations</b>	<b>(716 913)</b>	<b>(1 875 707)</b>
South African tax	200 736	297 122
Tax effects of:		
Expenses not deductible for tax purposes	R –	228 076
<b>Effective tax</b>	<b>200 736</b>	<b>525 198</b>
South African tax rate	<b>28.0%</b>	28.0%
Tax effects of:		
Expenses not deductible for tax purposes	<b>0.0%</b>	(12.2%)
<b>Effective tax rate</b>	<b>28.0%</b>	<b>15.8%</b>

## Notes to the financial statements continued

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 R	2019 R
<b>9 CASH GENERATED BY OPERATIONS</b>		
Loss before taxation	(716 913)	(1 061 150)
Adjusted for:		
Interest received	(566)	(1 380)
<b>Cash generated by operations</b>	<b>(717 479)</b>	<b>(1 062 530)</b>
<b>10 RELATED PARTIES</b>		
Group loans		
Transaction Capital Limited	<b>(3 984 077)</b>	(3 271 332)
The loan is interest-free and repayable on demand.		

## 11 FINANCIAL RISK MANAGEMENT

### 11.1 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.

#### 11.1.1 RISK PROFILE OF FINANCIAL ASSETS AND LIABILITIES

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

	Floating rate liabilities R	Floating rate assets R	Net floating rate assets R
<b>2020</b>	<b>(13 842)</b>	<b>43 547</b>	<b>29 705</b>
<b>Total</b>	<b>(13 842)</b>	<b>43 547</b>	<b>29 705</b>
	Floating rate liabilities R	Floating rate assets R	Net floating rate liabilities R
2019	(6 575)	45 384	38 809
<b>Total</b>	<b>(6 575)</b>	<b>45 384</b>	<b>38 809</b>

#### 11.1.2 WEIGHTED AVERAGE INTEREST RATES

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

	2020		2019	
	Bank Borrowings %	Borrowings %	Bank Borrowings %	Borrowings %
<b>Total</b>	<b>2.6%</b>	–	5.5%	–

## Notes to the financial statements continued

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 11 FINANCIAL RISK MANAGEMENT continued

##### 11.1 INTEREST RATE RISK continued

##### 11.1.3 INTEREST RATE SENSITIVITY ANALYSIS

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

	Effect on profit before tax of 1% change in rates R	Total carrying value of assets and liabilities R
<b>30 September 2020</b>		
<b>Assets</b>		
Cash and cash equivalents	435	43 547
<b>Total</b>	<b>435</b>	<b>43 547</b>
<b>Liabilities</b>		
Group loans	–	3 984 077
Trade and other payables*	138	13 842
<b>Total</b>	<b>138</b>	<b>3 997 919</b>
<b>Net exposure</b>	<b>297</b>	<b>(3 954 372)</b>
<b>30 September 2019</b>		
<b>Assets</b>		
Cash and cash equivalents	454	45 384
<b>Total</b>	<b>454</b>	<b>45 384</b>
<b>Liabilities</b>		
Trade and other payables*	66	6 575
Group loans	–	3 271 332
<b>Total</b>	<b>66</b>	<b>3 277 907</b>
<b>Net exposure</b>	<b>388</b>	<b>(3 232 523)</b>

\* Revenue received in advance, deferred lease liabilities, VAT payables and bonus accruals are not financial liabilities and therefore have been excluded from trade and other payables.

The group 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, BLR and LIBOR rates. The sensitivity that is applied is the amount that could reasonably be expected to occur, and has been determined as 1% (100 basis points) up or down. The effect of a 1% change in interest rates is shown above. As the group has no control over rate movements, it cannot predict the effect of future rate movements, if any.

## Notes to the financial statements continued

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 11 FINANCIAL RISK MANAGEMENT continued

##### 11.2 LIQUIDITY RISK MANAGEMENT

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

The group's capital markets (CM) team is responsible for executing on fund raising mandates given to it by subsidiaries in support of respective business models. This includes the ongoing assessment and evaluation of various funding sources designed to grow and diversify the group's funding base to achieve an optimal funding profile and sound liquidity. The CM team is also responsible for the ongoing monitoring of asset portfolio performance and its obligations to funders, including covenants. Over several years, the CM team has developed strong relationships with funders and ensures equitable treatment of all funder partners.

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

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

	On demand Rm	Total Rm
<b>2020</b>		
<b>Liabilities</b>		
Trade and other payables*	13 842	13 842
Group loans	3 984 077	3 984 077
<b>Total liabilities</b>	<b>3 997 919</b>	<b>3 997 919</b>
<b>2019</b>		
<b>Liabilities</b>		
Trade and other payables*	6 575	6 575
Group loans	3 271 332	3 271 332
<b>Total liabilities</b>	<b>3 277 907</b>	<b>3 277 907</b>

\* Revenue received in advance, deferred lease liabilities, VAT payables and bonus accruals are not financial liabilities and therefore have been excluded from trade and other payables.

##### 11.3 FAIR VALUE DISCLOSURE

	Carrying value 2020 R	Total fair value 2020 R	Carrying value 2019 R	Total fair value 2019 R
<b>Assets</b>				
Cash and cash equivalents	43 547	43 547	45 384	45 384
<b>Total</b>	<b>43 547</b>	<b>43 547</b>	45 384	45 384
<b>Liabilities</b>				
Trade and other payables	13 842	13 842	6 575	6 575
Group loans	3 984 077	3 984 077	3 271 332	3 271 332
<b>Total</b>	<b>3 997 919</b>	<b>3 997 919</b>	3 277 907	3 277 907
<b>Net exposure</b>	<b>(3 954 372)</b>	<b>(3 954 372)</b>	(3 232 523)	(3 232 523)

## Notes to the financial statements continued

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 11 FINANCIAL RISK MANAGEMENT continued

##### 11.4 STATEMENT OF FINANCIAL POSITION CATEGORIES

	Financial assets carried at amortised cost R	Financial liabilities carried at amortised cost R	Non-financial liabilities or non-financial assets R	Equity R	Total R
<b>2020</b>					
<b>Assets</b>					
Cash and cash equivalents	43 547	–	–	–	43 547
Trade and other receivables	–	–	54 311	–	54 311
Deferred tax assets	–	–	863 969	–	863 969
<b>Total assets</b>	<b>43 547</b>	<b>–</b>	<b>918 280</b>	<b>–</b>	<b>961 827</b>
<b>Equity and liabilities</b>					
<b>Liabilities</b>					
Trade and other payables	–	13 842	–	–	13 842
Group loans	–	3 984 077	–	–	3 984 077
<b>Total liabilities</b>	<b>–</b>	<b>3 997 919</b>	<b>–</b>	<b>–</b>	<b>3 997 919</b>
<b>Equity</b>					
Ordinary share capital	–	–	–	100	100
Retained earnings	–	–	–	(3 036 192)	(3 036 192)
Equity attributable to ordinary equity holders of the parent	–	–	–	(3 036 092)	(3 036 092)
<b>Total equity</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(3 036 092)</b>	<b>(3 036 092)</b>
<b>Total equity and liabilities</b>	<b>–</b>	<b>3 997 919</b>	<b>–</b>	<b>(3 036 092)</b>	<b>961 827</b>

	Financial assets carried at amortised cost R	Financial liabilities carried at amortised cost R	Non-financial liabilities or non-financial assets R	Equity R	Total R
<b>2019</b>					
<b>Assets</b>					
Cash and cash equivalents	45 384	–	–	–	45 384
Trade and other receivables	–	–	49 374	–	49 374
Deferred tax assets	–	–	663 234	–	663 234
<b>Total assets</b>	<b>45 384</b>	<b>–</b>	<b>712 608</b>	<b>–</b>	<b>757 992</b>
<b>Equity and liabilities</b>					
<b>Liabilities</b>					
Trade and other payables	–	6 575	–	–	6 575
Group loans	–	3 271 332	–	–	3 271 332
<b>Total liabilities</b>	<b>–</b>	<b>3 277 907</b>	<b>–</b>	<b>–</b>	<b>3 277 907</b>
<b>Equity</b>					
Ordinary share capital	–	–	–	100	100
Retained earnings	–	–	–	(2 520 015)	(2 520 015)
Equity attributable to ordinary equity holders of the parent	–	–	–	(2 519 915)	(2 519 915)
<b>Total equity</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2 519 915)</b>	<b>(2 519 915)</b>
<b>Total equity and liabilities</b>	<b>–</b>	<b>3 277 907</b>	<b>–</b>	<b>(2 519 915)</b>	<b>757 992</b>

## Notes to the financial statements continued

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 12 GOING CONCERN

The annual financial statements were prepared on a going concern basis. Based on their assessment, the directors have assessed the company's ability to continue as a going concern and have noted that as at 30 September 2020 the company's liabilities exceed its assets by R3,036,092. The company's ultimate holding company Transaction Capital Limited has undertaken to take all the appropriate action to ensure the company has access to the technical and financial resources needed to successfully continue in operation and meet its contractual obligations. On this basis the directors have satisfied themselves that the entity has sufficient borrowing facilities and technical financial support to continue in operation for the foreseeable future. A letter of support to this effect has been provided.

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#### 13 SUBSEQUENT EVENTS

No events which would have a material impact on either the financial position or operating results of the company have taken place between 30 September 2020 and the date of release of this report.

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## Administration

### COMPANY REGISTRATION NUMBER

2016/130129/06

### DIRECTORS

D Hurwitz

M Herskovits

S Doherty

### COMPANY SECRETARY AND REGISTERED OFFICE

Sharon Nayger

342 Jan Smuts Avenue

Hyde Park

Johannesburg, 2196

(PO Box 41888, Craighall, 2024)

### SPONSOR

Rand Merchant Bank (a division of FirstRand Bank Limited)

(Registration number 1929/001225/06)

1 Merchant Place

Corner Fredman Drive and Rivonia Road

Sandton, 2196

(PO Box 786273, Sandton, 2146)

### INDEPENDENT AUDITORS

Deloitte & Touche

(Practice number 902276)

Deloitte

5 Magwa Crescent

Waterfall City

Johannesburg, 2090

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