Transaction Capital

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Audited consolidated and company Annual Financial Statements

For the year ended 30 September 2023

Transaction Capital

Contents

The group and company accounting policies have been disclosed as part of the relevant notes to the financial statements.

The consolidated and company financial statements have been prepared under the supervision of Sahil Samjowan CA (SA), chief financial officer.

Directors’ responsibility statement

for the year ended 30 September 2023

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

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

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

The audited consolidated and company annual financial statements are prepared on the going concern basis.

The auditors are responsible for reporting on whether the consolidated and company annual financial statements are fairly presented in accordance with the applicable financial reporting framework, and their unmodified report appears on page 14.

Chief executive officer and chief financial officers’ responsibility statement relating to internal financial controls

The Chief executive officer and the Chief financial officer of Transaction Capital Limited hereby submit the responsibility statement in terms of the JSE Listings Requirement Paragraph 3.84(k) after due, careful and proper consideration of same as follows:

The CEO and CFO, whose names are stated below, hereby confirm that –

- the annual financial statements set out on pages 19 to 166, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

Approval of Audited consolidated and company annual financial statements

The annual financial statements on pages 19 to 166 were approved by the board of directors on 4 December 2023, and are signed on their behalf by:

D Hurwitz

David Hurwitz
Chief executive officer

S Samjowan

Sahil Samjowan
Chief financial officer

Company secretary's certificate

for the year ended 30 September 2023

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

L Hill

Lisa Lill

Company secretary
4 December 2023

Directors' report

for the year ended 30 September 2023

Nature of business

The company is an investment holding company owning a portfolio of operating subsidiaries, operates a group treasury function and provides a group management function to its subsidiaries. The company's issued ordinary shares are listed on the Johannesburg Stock Exchange, with a secondary listing on A2X Markets.

The group operates in three market verticals: Mobalyz (comprising SA Taxi and Gomo), Nutun Digital Business Services group (Nutun) and the WBC group (WBC). The nature of the business of the main operating subsidiaries and a review of each is set out in the group profile on the company website at www.transactioncapital.co.za. The segment report can be found in note 47 of the consolidated annual financial statements.

Financial results

The results of the company and the group are set out in the annual financial statements on pages 19 to 166.

Directorate and company secretary

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

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

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

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

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

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

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

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

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

No further appointments or resignations occurred during the year.

Interest of directors in the company's shares

The direct and indirect interests of the directors (and their associates) in the ordinary shares of the company at the end of the financial year, categorised as beneficial and non-beneficial, are as follows:

	2023 Number of shares '000	2023 Shareholding %	2022 Number of shares '000	2022 Shareholding %
Indirect beneficial holdings of directors				
Dovie Trust[1]	**2 350**	**<1**	3 799	<1
Pilatucom Holdings Limited[2]	**110 500**	**14.59**	109 000	14.39
Sabvest Limited[3]	**6 000**	**–**	5 000	<1
Kubandiran Pillay Family Trust[4]	**105**	**<1**	–	–
Upperway Investments Private Limited[5]	**1 500**	**<1**	–	–
Direct beneficial holdings of directors				
Sean Doherty	**41**	**<1**	27	<1
Mark Herskovits	**1 635**	**<1**	1 635	<1
Albertinah Kekana	**128**	**<1**	8	<1
Diane Radley	**120**	**<1**	10	<1
Sharon Wapnick[6]	**199**	**<1**	82	<1
Total	**122 578**		119 561	
Percentage of issued shares	**16.06%**		15.79%	

1 *David Hurwitz is a discretionary beneficiary of Dovie Trust. The shares have been pledged as security for a finance facility.*
2 *Jonathan Jawno, Michael Mendelowitz and Roberto Rossi are discretionary contingent beneficiaries of Pilatucom Holdings Limited. The shares have been pledged as security for a finance facility.*
3 *Christopher Seabrooke is the chief executive officer of Sabvest Limited.*
4 *Kuben Pillay is an associate of the Kubandiran Pillay Family Trust.*
5 *Jonathan Jawno, Michael Mendelowitz and Roberto Rossi are joint associates of Upperway Investments Private Limited.*
6 *Of these, 21 800 shares are held by associates of Sharon Wapnick.*

Other than as indicated above, none of the direct or indirect shareholdings of any of the directors has been encumbered pursuant to security, guarantee, collateral or otherwise.

Changes in interests of directors

In May 2023, Sabvest Limited (of which Christopher Seabrooke is the chief executive) purchased an additional 400 000 shares.

In March 2023 the following changes in interest of directors were made:

- Pilatucom Holdings Limited purchased 1 500 000 shares, all of which are equally held in trusts in which Jonathan Jawno, Michael Mendelowitz and Rob Rossi are contingent discretionary beneficiaries.
- Kubandiran Pillay Family Trust purchased 105 465 shares.
- Upperway Investments Private Limited purchased 1 500 000 shares and all the shares are held equally in individual trusts of which Jonathan Jawno, Michael Mendelowitz and Rob Rossi are beneficiaries.
- Sabvest Limited (of which Christopher Seabrooke is the chief executive) purchased 600 000 shares.
- An associate of Sharon Wapnick, being the Frank Kramer Trust, which is controlled by Sharon Wapnick's immediate family purchased 117 100 shares.
- Diane Radley purchased 110 000 shares.

In December 2022, David Hurwitz (Discretionary beneficiary of the Dovie Trust) sold 1 600 000 shares. David Hurwitz (Discretionary beneficiary of the Dovie Trust) received 151 083 shares as part of Transaction Capital's conditional share plan in November 2023.

In November 2022, Sean Doherty received 28 651 shares as part of Transaction Capital's conditional share plan. He sold 14 326 shares during December 2022.

In November 2022, Mark Herskovits received 72 093 shares as part of Transaction Capital's conditional share plan. He sold 72 093 shares during December 2022.

In November 2022, Albertinah Kekana purchased 120 000 shares.

There have been no changes in the interests of the directors between 30 September 2023 and the date of approval of these annual financial statements.

Dividends

In the context of the headline and basic losses for the year and to preserve liquidity, the board resolved not to declare any dividends for the 2023 financial year (2022: total dividend of 70 cents per share at a rate of 2.5 times cover).

Consolidated share capital

The authorised and issued share capital is detailed in note 26 of the annual financial statements.

The following changes took place during the year under review:

	2023		2022	
	Number of shares '000	**Value of shares R'000**	Number of shares '000	Value of shares R'000
Balance at the beginning of the year	**757 366**	**5 179 469**	708 431	3 464 463
Shares issued in settlement of the Conditional Share Plan*	**5 947**	**87 378**	2 353	96 141
Shares issued to subsidiaries**	**–**	**–**	10 527	356 133
Equity raised through accelerated bookbuild	**–**	**–**	36 056	1 262 732
Balance at the end of the year	**763 313**	**5 266 847**	757 366	5 179 469

* *In terms of specific authority received from shareholders on the adoption of the Transaction Capital Conditional Share Plan, a total of 5 945 809 shares were issued to participants/employees as part of respective vestings at an average price of R14.94 per share.*

** *These shares were issued as part of the acquisition of WBC Holdings (Pty) Ltd (WBC Holdings) and to previous shareholders in WBC Holdings as part of the settlement by TCMH of the purchase price. WeBuyCars Holdings distributed the shares paid to it to previous shareholders through a dividend declared which was declared prior to TCMH's acquisition of the investment.*

All Rand value amounts for share capital issued are net of share issue costs.

Special resolutions passed

The following special resolutions were approved during the year under review:

- Approval of non-executive directors' and committee members' fees.
- Authority to provide financial assistance in terms of section 45 of the Companies Act.
- Authority to provide financial assistance in terms of section 44 of the Companies Act.
- Annual general authority to repurchase securities.
- Annual general authority to allot and issue authorised but unissued securities for cash.

Borrowings

The memorandum of incorporation of the company does not place any restrictions on the borrowing powers of the company or the group. Details of borrowings at the end of the financial year are set out in note 23 to the consolidated annual financial statements.

Litigation

There are no current or pending legal proceedings against the group which are anticipated to materially affect its financial position.

Subsidiaries

Details of subsidiaries and of changes in holdings are set out in note 18 to the company financial statements.

Going concern

The directors believe that, as of the date of this report, the going concern presumption is appropriate and accordingly the consolidated and separate statements of the group and the company have been prepared on the going concern basis of accounting. Their assessment included an 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. IAS 1 Presentation of Financial Statements ("IAS 1") requires management to perform an assessment of the Group's ability to continue as a going concern. If management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the group's ability to continue as a going concern, IAS 1 requires these uncertainties to be disclosed.

The group has faced significant challenges during 2023 financial year due to the cyclical headwinds facing SA Taxi's business model which have become more structural in nature, and the business is unlikely to recover to pre-Covid levels in the short to medium-term. For the year ended 30 September 2023, the group incurred a loss for the year amounting to R1.3bn, of which R3.8bn is attributable to SA Taxi, driven by increases in provisions and stock write downs. The SA Taxi losses above were offset by positive contributions from both WeBuyCars and Nutun. WeBuyCars has consistently gained market share in 2023, despite a tough economic environment, resulting in profits of R753 million. Nutun grew profit for the year from continuing operations by 21% to R448 million, driven primarily by the strong growth in CX services as well as steady levels of investment in, and collection of, acquired NPL portfolios in South Africa

The operational restructure of SA Taxi is making progress which will result in a more stable business but is dependent on the ongoing support from debt funders to continue its curtailed lending operations whilst it restructures its balance sheet. The challenges at SA Taxi do not adversely impact the liquidity position of the overall Transaction Capital Group to continue operating in the foreseeable future. The challenges in SA Taxi led to various cross-defaults and waivers being obtained for the group debt. Further details around these processes are outlined in note 48 of the group financial statements.

After carefully considering the progress on the debt refinance terms for SA Taxi and mitigating action described above, management believes that the Group and Company are able to discharge their liabilities in the normal course of business and are therefore of the opinion that the going concern assumption is appropriate in the preparation of the financial statements, although a material uncertainty exists in relation to the success of the debt restructure initiatives within the SA Taxi group

Subsequent events

In terms of the Facilities Agreement, Transaction Capital shall supply the Lenders with management accounts within 45 days post each quarter. The Transaction Capital Lenders provided the company with a deferment to the on the earlier of (i) 14 March 2024 and (ii) the date to which the funders to the SA Taxi group of companies agree to extend their current standstill undertakings relating to the September 2023 as well as the December 2023 quarters.

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

Employee incentive schemes

The group operates share incentive initiatives for employees, including directors.

Transaction Capital Conditional Share Plan ('CSP')

The CSP was approved by shareholders at a general meeting held on 20 October 2016. The first issue of CSPs was awarded in November 2016. All awards are subject to remuneration committee approval.

It is believed that the CSP is a superior long-term incentive for Transaction Capital's objectives. The CSP offers participants certainty in that it comprises a fixed number of conditional shares. While its ultimate value will depend on performance, CSP awards will always have a value. Further disclosure relating to the CSP is set out in note 37 of the consolidated financial statements.

Audit committee report

for the year ended 30 September 2023

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

Composition

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

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

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

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

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

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

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

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

Roles and responsibilities

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

The preparation of financial reporting

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

Combined assurance

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

Roles and responsibilities continued

Internal audit

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

External audit

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

Governance

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

Risk

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

Accounting

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

Formation of tax sub-committee

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

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

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

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

Requirements of the Act

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

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

Annual confirmations

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

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

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

- The identification and classification of risks including the determination of materiality;
- Obtaining control declarations from divisional managers on the operating effectiveness of all controls on a quarterly basis; and
- Developing remediation plans to address control deficiencies identified.

The audit committee has discussed and documented the basis for its conclusion, which includes discussions with internal and external auditors as well as management.

Conclusions on roles and responsibilities

Finance function

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

Risk management

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

External audit

The current responsible audit partner, Stephen Munro, has been on the Transaction Capital audit for four years and the other key audit partners, Lito Nunes and Patrick Kleb, for two years.

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

The audit committee, in consultation with executive management, agreed to an audit fee for the year under review. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 33 to the consolidated annual financial statements. In addition, the audit committee has approved a policy for non-audit services provided by the external auditors, is comfortable that non-audit services performed during the year have been reasonable and that this has not impacted on the independence of the external auditors.

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

Internal audit

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

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

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

Conclusion on roles and responsibilities continued

Going concern

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

Annual financial statements

The audit committee:

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

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

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

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

Conclusion

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

D Radley

Diane Radley
Audit committee chairperson
4 December 2023

Risk and technology committee report

for the year ended 30 September 2023

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

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

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

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

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

IT governance

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

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

Risk

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

Compliance

- The Risk and Technology committee has oversight of compliance with applicable laws and regulations.

I Kirk

Ian Kirk

Risk and technology committee chairman
4 December 2023

Social, ethics and sustainability committee report

for the year ended 30 September 2023

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

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

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

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

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

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

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

Conclusion

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

S Kana

Suresh Kana

Social, ethics and sustainability committee chairman
4 December 2023

Independent auditor's report

To the Shareholders of Transaction Capital Limited

Report on the Audit of the Consolidated and Company Financial Statements

Opinion

We have audited the consolidated and company financial statements of Transaction Capital Limited (the Group and Company) set out on pages 19 to 166, which comprise the consolidated and company statements of financial position as at 30 September 2023, and the consolidated income statement, the consolidated and company statements of comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and company financial statements present fairly, in all material respects, the consolidated and company financial position of Transaction Capital Limited and its subsidiaries as at 30 September 2023, and its consolidated and company financial performance and consolidated and company 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 Consolidated and Company Financial Statements section of our report. We are independent of the Group and 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.

Emphasis of matter – Material uncertainty related to SA Taxi

We draw attention to note 48 to the consolidated financial statements, which indicate that for the year ended 30 September 2023 the Group incurred a loss for the year amounting to R1.3 billion, of which R3.8 billion, is attributable to SA Taxi. The note discloses that the SA Taxi restructuring and refinancing project is not yet complete, and that ongoing support from debt funders remains crucial for the business to continue its curtailed lending operations whilst it restructures its balance sheet, as well as to ensure that the SA Taxi assets and liabilities are realised and crystalised at values presented in the Group financial statements. The note discloses that the capital and funding structures of WeBuyCars and Nutun are isolated from the effects of SA Taxi's restructuring as there are no cross-default clauses nor cross guarantees between Nutun, WeBuyCars and SA Taxi. Furthermore, there are no holding company guarantees to the subsidiaries. The note further discloses that the challenges at SA Taxi do not adversely impact the liquidity position of the overall Transaction Capital Group to continue operating in the foreseeable future. The requirement for funding restructuring and the ongoing support from the debt funders at SA Taxi indicates that a material uncertainty exists that may cast significant doubt on SA Taxi to continue as a going concern which creates uncertainty as to whether the assets and liabilities relating to the SA Taxi component will be realised and crystalised in the ordinary course of business. Our opinion is not modified in this respect.

Report on the Audit of the Consolidated and Company Financial Statements continued

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
Significant estimates and judgements included in the SA Taxi loans and advances credit impairment model	
Loans and advances, which represent 37% of total assets, and the associated impairment provisions are significant in the context of the consolidated 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 the cost to repair Quality Renewed Taxis (QRT's) as this impact both the expected losses and repossessed inventory valuation; ▷ The incorporation of a blended recovery model involving the distribution between repair versus salvage realisation channel applied in the provision; and ▷ The appropriateness of the repudiation overlay introduced in FY23 which incorporates the deterioration in customer behaviour in the provision . Due to the significant increase in the ECL we have considered managements assessment against the requirements of IAS 8 to assess whether the adjustments to the assumptions and incorporation of an overlay provision was a change in an accounting estimate or a prior period error.	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, TTD, TTR and assumptions informing the LGW's such as repair cost methodologies and blended recovery channels. We have also assessed the methodology which covers the introduction of the repudiation overlays; as well as evaluating alignment with the principles of IFRS 9; ▷ Testing the accuracy of the model by independently recalculating the input parameters such as the PDs, TTD and TTR; The independent results were compared to management's results. Testing completeness and accuracy of data used in the model; ▷ Performing exploratory analytics and benchmarking to assess the reasonability of managements assessments and judgements; ▷ 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 have reviewed management's IAS 8 Assessment on whether the adjustments to the ECL assumptions represent a change in an accounting estimate or a prior period error. We performed a retrospective assessment on management's assessment to assess whether any conditions existed at the prior year end. 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 5, 10 and 44, the key judgements and estimates applied in the determination thereof, to be appropriate and in accordance with the relevant accounting standards.

Report on the Audit of the Consolidated and Company Financial Statements continued

Key Audit Matters continued

Key Audit Matter	How the matter was addressed in the audit
Re-calibration of the amortised cost model for Nutun Holdings	
Within the Nutun business, the principal collections business purchases credit impaired assets for subsequent collection. These are classified as Purchased Originated Credit Impaired Assets under IFRS 9 Financial Instruments (IFRS 9) and are disclosed in note 11. IFRS 9 requires that projected future cashflows include Forward Looking Information (FLI) with regard to expected, rather than just incurred, credit losses. Management re-calibrate the amortised cost assumptions on an ongoing basis, incorporating the most recent available collection data and expectations on macro-economic factors which could impact on future collection levels. A higher level of management judgement is required in considering the representativeness of historical data and how FLI is taken into account within the models and whether any additional 'out of model adjustments' are required where the models do not cater for all of the potential impact. The assumptions relating to the timing and extent of expected future collections are considered to be a key audit matter due to the extent of judgement and/or estimation applied.	With the support of our internal quantitative and credit modelling specialists, our procedures to assess the re-calibration of the amortised cost assumptions include an assessment of: ▷ The design and implementation of relevant controls and assessing the governance structures in place; ▷ The model methodology in light of IFRS 9 requirements; ▷ The methodology of the credit-adjusted effective interest rate (CAEIR); ▷ Independently reperforming the CAEIR calibration methodology; ▷ The accuracy of the model by independently recalculating the input parameters and results; ▷ The valuation of the purchased debt portfolios by performing analytics and calculating independent estimates to challenge management's assumptions and methodologies; ▷ The accuracy of the model by reperforming backtesting of the model estimates to actual behaviour; ▷ The completeness and accuracy of data used in the models and in the out of model adjustment calculations; and ▷ The assumptions applied by management in determining the impact of FLI on the timing and extent of expected future collections. We found the model, its inputs and methodology applied to be reasonable and the overall amortised cost, to be appropriate. We found the disclosures relating to the expected credit loss on purchased credit impaired portfolios, as presented in noted 5, 11 and 44, and the key judgements and estimates applied in the determination thereof, to be appropriate and in accordance with the relevant accounting standards.
Appropriateness of the going concern assumption of Transaction Capital Group	
As disclosed in note 48, SA Taxi is in a position where it requires a funding restructure to realign the liability profile to the timing of the expected realisation of the assets of the restructured business. As a result, it was important to understand the existence of any cross guarantees, ceded assets or cross defaults within the rest of the Transaction Capital Group that could impact the liquidity position of the remaining companies within Transaction Capital Group, or the Group as a whole. Management's assessment contained significant judgements related to the amount and timing of contractual outflows, the availability and timing of funds and cash inflows under their control to discharge the obligations imposed by these outflows and the breadth of funding arrangements across the group. Auditing management's assessment resulted in an increased extent of audit effort, including the involvement of corporate finance restructuring specialists.	In conjunction with our restructuring specialists, we: ▷ Obtained an understanding, evaluated the design, and tested the implementation of controls over the Group's going concern assessment process. ▷ Reviewed the funding agreements of SA Taxi to identify any clauses that could impact any other entity within the Transaction Capital Group. ▷ Reviewed the key terms of all committed debt facilities within Transaction Capital Limited and the Group Executive Office entities, WeBuyCars, Gomo and Nutun to understand any terms, covenants or potential undertakings that may impact the availability of the facility or trigger any potential cross default obligations at the Group level. Where such obligations existed, we assessed whether these were accurately included in management's cash flow forecasts. ▷ Tested management's forecasts and assessed whether management's assumptions made in their forecasts were reasonable and appropriately severe, in light of the Group's relevant principal risks and uncertainties, and our own independent assessment of these risks.

Report on the Audit of the Consolidated and Company Financial Statements continued

Key Audit Matters continued

Key Audit Matter	How the matter was addressed in the audit
Appropriateness of the going concern assumption of Transaction Capital Group continued	
Our consideration of management's going concern assessment included addressing the following risks: ▷ The incomplete consideration of the impact of potential funding related defaults by SA Taxi on the Group. ▷ The incomplete consideration of contractual outflows for which the Group is liable. ▷ The use of inappropriate assumptions by management relating to the existence and availability of the funds under their control to discharge the obligations imposed by contractual outflows; and ▷ The use of inappropriate judgments relating to the Group's ability to realise funds to cover any potential cash flow shortfalls should they arise.	▷ For assumptions where audit evidence is inherently uncertain, most notably the outcome of the SA Taxi restructuring, we considered contractual positions and stress tested the cash flows to consider the impact of downside scenarios. ▷ Considered the results of management's historical forecasting and performed scenario and sensitivity analysis to further stress test the going concern assumption. ▷ Considered the potential mitigating actions that management may have available to manage cash flows and raise additional financing and assessed whether these were within the control of management and could be implemented in the period of assessment. ▷ Assessed the appropriateness of the going concern assessment period and considered the existence of any significant events or conditions beyond this period based on our knowledge arising from the audit; and ▷ Assessed the adequacy of the disclosures in the financial statements in light of the material uncertainty identified related to SA Taxi. We found the assumptions applied by management in their going concern assessment to be reasonable and the overall assessment to be appropriate. We found the disclosures related to SA Taxi and the impact on the assets and liabilities of the Group, as presented in note 48, 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 information included in the documents titled "Transaction Capital Audited Consolidated and Company Annual Financial Statements for the year ended 30 September 2023", which includes the Company Secretary's Certificate, the Directors' Report and the Audit Committee's report, as required by the Companies Act of South Africa, the Risk and Technology Committee's Report and the social, ethics and sustainability Committee's report, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and company financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and company 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 Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Report on the Audit of the Consolidated and Company Financial Statements continued

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group's and 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 Group's and 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 consolidated and 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 Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 Audit Committee 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 Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate 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 Transaction Capital Limited for 15 years.

DocuSigned by:

Deloitte & Touche

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Deloitte & Touche

Registered Auditor
Per: Stephen Munro
Partner

5 December 2023

5 Magwa Crescent, Waterfall City, Waterfall, South Africa

Consolidated statement of financial position

at 30 September 2023

	Notes	2023 Rm	2022 Restated* Rm
Assets			
Cash and cash equivalents	6	**2 138**	1 478
Other investments	7	**850**	1 426
Tax receivables		**19**	28
Trade and other receivables	8	**1 813**	1 923
Inventories	9	**3 005**	3 790
Assets classified as held for sale	19	**119**	371
Reinsurance contract assets	22	**44**	–
Leased assets	24	**12**	11
Loans and advances	10	**15 427**	14 962
Purchased book debts	11	**5 025**	4 208
Other loans receivable	12	**101**	126
Derivative assets	13	**899**	693
Equity accounted investments	14	**1 063**	1 097
Intangible assets	15	**3 415**	3 336
Property and equipment	16	**2 077**	1 900
Goodwill	17	**5 250**	4 754
Deferred tax assets	18	**369**	272
Total assets		**41 626**	40 375
Liabilities			
Bank overdrafts	6	**594**	818
Other short-term borrowings		**22**	23
Tax payables		**38**	58
Trade and other payables*	20	**2 020**	1 605
Provisions*	21	**2**	32
Liabilities directly associated with assets held for sale	19	**6**	21
Insurance contract liabilities	22	**994**	180
Benefits ceded on insurance contracts relating to inventories	9	**39**	31
Benefits ceded on insurance contracts relating to loans and advances	10	**798**	10
Benefits accruing to insurance contract holders	22	**157**	139
Put option liability	25	**2 352**	4 042
Derivative liabilities	13	**61**	19
Interest-bearing liabilities	23	**25 393**	21 862
Senior debt		**24 148**	20 762
Subordinated debt		**1 245**	1 100
Lease liabilities	24	**768**	715
Deferred tax liabilities	18	**1 378**	1 408
Total liabilities		**33 631**	30 783
Equity			
Ordinary share capital	26	**5 267**	5 179
Put option reserve		**(4 117)**	(4 307)
Other reserves*		**370**	327
Retained earnings		**5 414**	6 757
Equity attributable to ordinary equity holders of the parent		**6 934**	7 956
Non-controlling interests	27	**1 061**	1 636
Total equity		**7 995**	9 592
Total equity and liabilities		**41 626**	40 375

* *The comparative amount has been corrected for the classification of leave pay accrual of R99 million from provisions to trade and other payable*

** *Other reserves consist of the cash flow hedging reserve, the share-based payment reserve and the foreign currency translation reserve.*

Consolidated income statement

for the year ended 30 September 2023

	Notes	2023 Rm	2022 Restated* Rm
Gross profit from the provision of services and sale of goods		**3 886**	3 206
Revenue	31	**23 475**	20 861
Cost of revenue		**(19 589)**	(17 655)
Net interest income from provision of financing to customers	29	**1 256**	1 635
Interest income, calculated using the effective interest rate method		**3 180**	2 875
Interest expense		**(1 924)**	(1 240)
Impairment loss on loans and advances	30	**(3 751)**	(856)
Risk-adjusted net interest (expense)/income from provision of financing to customers		**(2 495)**	779
Net insurance result	32	**(68)**	411
Insurance revenue		**1 280**	1 143
Insurance service expense		**(1 364)**	(738)
Insurance finance income		**16**	6
Net income from purchased book debts		**984**	1 160
Imputed interest income, calculated using the credit-adjusted effective interest rate	29	**778**	815
Interest expense	29	**(329)**	(187)
Impairment gain on principal book portfolios	11	**216**	281
Fair value movements on other financial assets	11	**319**	251
Operating costs	33	**(4 715)**	(3 756)
Net finance charge – not relating to provision of financing to customers	29	**(395)**	(197)
Finance income		**213**	78
Finance charges		**(608)**	(275)
Net other income		**80**	264
Equity accounted (loss)/income	14	**(53)**	47
Operating (loss)/profit		**(2 776)**	1 914
Other non-operating profit	34	**1 654**	533
(Loss)/profit before tax		**(1 122)**	2 447
Income tax expense	35	**(213)**	(411)
(Loss)/profit for the year from continuing operations		**(1 335)**	2 036
Discontinued operations			
Loss for the year from discontinued operations	19	**(9)**	(33)
(Loss)/profit for the year		**(1 344)**	2 003
(Loss)/profit for the year from continuing operations attributable to:			
Ordinary equity holders of the parent		**(924)**	1 676
Non-controlling interests		**(411)**	360
Loss for the year from discontinued operations attributable to:			
Ordinary equity holders of the parent		**(9)**	(33)
Earnings per share (cents)			
From continuing operations			
Basic (loss)/earnings per share	36	**(121.6)**	232.0
Diluted basic (loss)/earnings per share	36	**(121.6)**	226.5
From continuing and discontinued operations			
Basic (loss)/earnings per share	36	**(122.8)**	227.4
Diluted basic (loss)/earnings per share	36	**(122.8)**	222.1

* *The comparative period has been restated for the correction of the presentation of purchased book debts. Refer to notes 28 for further information.*

Consolidated statement of comprehensive income

for the year ended 30 September 2023

	2023 Rm	2022 Rm
(Loss)/profit for the year	**(1 344)**	2 003
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Movement in cash flow hedging reserve	**(29)**	(15)
Fair value loss arising during the year	**(40)**	(21)
Deferred tax	**11**	6
Exchange gain on translation of foreign operations	**91**	26
Total comprehensive (loss)/income for the year	**(1 282)**	2 014
Total comprehensive (loss)/income attributable to:		
Ordinary equity holders of the parent	**(871)**	1 654
Non-controlling interests	**(411)**	360

Consolidated statement of changes in equity

for the year ended 30 September 2023

	Number of ordinary shares million	Share capital Rm	Put option reserve* Rm	Cash flow hedging reserve Rm	Share based payment reserve Rm	Foreign currency translation reserve Rm	Other non-distributable reserve Rm	Retained earnings Rm	Equity attributable to ordinary equity holders of the parent Rm	Non-controlling interests Rm	Total equity Rm
Balance at 30 September 2021	708.4	3 464	–	(5)	245	62	386	5 591	9 743	1 402	11 145
Total comprehensive income	–	–	–	(15)	–	26	–	1 643	1 654	360	2 014
Profit for the year	–	–	–	–	–	–	–	1 643	1 643	360	2 003
Other comprehensive income	–	–	–	(15)	–	26	–	–	11	–	11
Transactions with non-controlling interests	–	–	–	–	–	–	–	–	–	28	28
Grant of conditional share plans	–	–	–	–	74	–	–	–	74	–	74
Settlement of conditional share plans	–	–	–	–	(60)	–	–	(31)	(91)	–	(91)
Derecognition the reserve relating to forward contract to issue shares	–	–	–	–	–	–	(386)	30	(356)	–	(356)
Recognition of reserve relating to the put option to acquire non-controlling interests*	–	–	(4 307)	–	–	–	–	–	(4 307)	–	(4 307)
Dividends paid	–	–	–	–	–	–	–	(476)	(476)	(154)	(630)
Issue of shares	49.0	1 715	–	–	–	–	–	–	1 715	–	1 715
Balance at 30 September 2022	**757.4**	**5 179**	**(4 307)**	**(20)**	**259**	**88**	**–**	**6 757**	**7 956**	**1 636**	**9 592**
Total comprehensive income	–	–	–	(29)	–	91	–	(933)	(871)	(411)	(1 282)
Loss for the year	–	–			–	–	–	(933)	(933)	(411)	(1 344)
Other comprehensive income	–	–	–	(29)	–	91	–	–	62	–	62
Transactions with non-controlling interests	–	–	–	–	–	–	–	(105)	(105)	(10)	(115)
Grant of conditional share plans	–	–	–	–	69	–	–	–	69	–	69
Settlement of conditional share plans	–	–	–	–	(88)	–	–	(24)	(112)	–	(112)
Derecognition of reserve to acquire non-controlling interests*	–	–	190	–	–	–	–	–	190	–	190
Dividends paid		–	–	–	–	–	–	(281)	(281)	(154)	(435)
Issue of shares	6	88	–	–	–	–	–	–	88	–	88
Balance at 30 September 2023	**763.3**	**5 267**	**(4 117)**	**(49)**	**240**	**179**	**–**	**5 414**	**6 934**	**1 061**	**7 995**

* *This reserve arose during the prior year on recognition of financial liabilities relating to the put options for the acquisition of shares held by the non-controlling interests in WBC Holdings (Pty) Ltd, Nutun CX (formerly Synergy Contact Centre (Pty) Ltd) (NCX) and Synergy Outsource Limited (SOL). Refer to note 25 for further details relating to the recognition of the put option liabilities.*

Consolidated statement of cash flow

for the year ended 30 September 2023

	Notes	2023 Rm	2022 Restated* Rm
Cash flow from operating activities			
Cash generated by operations	38	**584**	267
Interest received		**2 470**	2 252
Interest paid		**(2 767)**	(1 688)
Income taxes paid	39	**(346)**	(351)
Dividends paid	40	**(435)**	(630)
Cash flow from operating activities before changes in operating assets and working capital		**(494)**	(150)
Increase in operating assets		**(2 795)**	(1 578)
Loans and advances	38.1	**(3 298)**	(1 842)
Decrease in leased assets		**7**	6
Purchased book debts	38.2	**496**	258
Changes in working capital		**1075**	(2 114)
Decrease/(increase) in inventories		**769**	(1 752)
Decrease/(increase) in trade and other receivables		**117**	(387)
Increase in other loans receivable		**(11)**	(62)
Increase in trade and other payables		**200**	87
Net cash utilised by operating activities		**(2 214)**	(3 842)
Cash flow from investing activities			
Acquisition of property and equipment	16	**(304)**	(682)
Proceeds on disposal of property and equipment		**27**	6
Acquisition of intangible assets	15	**(135)**	(131)
Proceeds on disposal of intangible assets		**2**	–
Investment into equity accounted investment	14.3	**(10)**	(104)
Acquisition of subsidiaries**		**(446)**	(1 100)
Proceeds from disposal of asset held for sale		**321**	–
Decrease/(Increase) in other investments		**531**	(1 428)
Net cash utilised by investing activities		**(14)**	(3 439)
Cash flow from financing activities			
Proceeds from interest-bearing liabilities	41	**9 907**	16 759
Settlement of interest-bearing liabilities	41	**(6 537)**	(11 759)
Settlement of other short-term borrowings		**(1)**	(58)
Repayment of lease liabilities	41	**(198)**	(132)
Additional interest acquired in subsidiaries	27	**(70)**	–
Issue of shares		**–**	1 259
Net cash generated by financing activities		**3 101**	6 069
Net increase/(decrease) in cash and cash equivalents		**873**	(1 212)
Cash and cash equivalents at the beginning of the year	6	**663**	1 874
Effects of exchange rate changes on the balance of cash held in foreign currencies		**9**	1
Cash and cash equivalents at the end of year* **	6	**1 545**	663

* *Comparative information has been restated for the correction of the presentation of purchased book debts. Refer to note 28 for further information.*

** *Includes R174 million that was paid for business combinations, refer to note 46 and R272 million for the settlement of contingent consideration related to WBC and Synergy acquisitions from the prior years. Refer to note 20 for further information.*

*** *Cash and cash equivalents are presented net of bank overdrafts and includes R1 million (2022: R3 million) of cash transferred as part of assets held for sale.*

Notes to the consolidated financial statements

for the year ended 30 September 2023

1 Basis of preparation

The financial statements of Transaction Capital Limited (the company), and the company and its subsidiaries (the group) 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) Listings Requirements, the going concern principle and the requirements of the South African Companies Act, 71 of 2008. The group also subscribes in all its activities to principles of best practice and corporate governance, as set out in the King IV Report on Corporate Governance for South Africa 2016.

The consolidated and company financial statements have been prepared on the historical cost basis except for derivative financial instruments, loans and advances for entry-level vehicles, other financial assets, other investments, and contingent consideration 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 group 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. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 – Share-based payments and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 – Inventories or value in use in IAS 36 – Impairment of assets.

The consolidated annual financial statements include amounts based on judgements and estimates made by management.

The company and group 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 group has made the following accounting policy elections in terms of IFRS, with reference to the detailed accounting policies shown in brackets:

- Property and equipment are accounted for using the cost model (note 16);
- Intangible assets are accounted for using the cost model (note 15);
- Regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting (note 44); and
- Cumulative gains and losses recognised in other comprehensive income (OCI) in terms of a cash flow hedge relationship are transferred from OCI and included in the initial measurement of the non-financial asset or liability (note 44.8).

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

2 Changes in accounting policies and disclosures

The accounting policies applied in the preparation of the consolidated financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of amended accounting standards and interpretations, as described below.

2.1 Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework

The group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether, at the acquisition date, a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The application of these amendments has not had a material impact on the amounts reported in the group's consolidated financial statements.

2 Changes in accounting policies and disclosures continued

2.2 Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use

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

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

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

The application of these amendments has not had a material impact on the amounts reported in the group’s consolidated financial statements.

2.3 Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract

The group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment in fulfilling the contract). The application of these amendments has not had a material impact on the amounts reported in the group’s consolidated financial statements.

2.4 Annual improvements to IFRS Standards 2018 – 2020

The group has adopted the following amendments included in the Annual Improvements to IFRS accounting standards 2018-2020 cycle for the first time in the current year:

- Amendments to IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities. The amendment clarifies that in applying the ‘10 per cent’ test to assess 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.
- Amendments to IFRS 16 Leases – The amendment removes the illustration of the reimbursement of leasehold improvements.

3 New and amended accounting standards and interpretations

New standards issued but not yet effective

Amendments to IFRS 10 Consolidated Financial Statements and IAS 20 Investments in Associates and Joint Ventures – Sale or contribution of assets between an investor and its associate or joint venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The group anticipates that the application of these amendments may have an impact on the group's consolidated financial statements in future periods should such transactions arise.

3 New and amended accounting standards and interpretations continued

New standards issued but not yet effective continued

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of accounting policies

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

The 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 amendments to IAS 1 are effective for the financial year ending 30 September 2024, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. The amendments are not expected to have a material impact on group’s consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements – Classification of liabilities as current or non-current

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

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

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

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

Amendments to IAS 1 Presentation of Financial Statements – Non-current liabilities covenants

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

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

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

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of accounting estimates

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

The amendment further clarifies the following:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- 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 group’s consolidated financial statements.

3 New and amended accounting standards and interpretations continued

New standards issues but not yet effective continued

Amendments to IAS 12 Income Taxes — 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.

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. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - right of use assets and lease liabilities; and
  - decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

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

Amendments to IFRS 16 Leases – Lease liability in a sale and leaseback

The IASB has issued additional guidance in IFRS 16 on accounting for sale and leaseback transactions. Previously IFRS 16 only included guidance on how to account for sale and leaseback transactions at the date of the transaction itself but did not specify any subsequent accounting when reporting on the sale and lease back transaction after that date.

As a result, without further requirements, when the payments include variable lease payments there is a risk that a modification or change in the leaseback term could result in the seller-lessee recognising a gain on the right of use they retained even though no transaction or event would have occurred to give rise to that gain. Consequently, the IASB decided to include subsequent measurement requirements for sale and leaseback transactions to IFRS 16.

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

4 Basis of consolidation

Subsidiary companies and other controlled entities

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group. Control is achieved when the group:

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The group considers all relevant facts and circumstances in assessing whether or not the group's voting rights in an investee are sufficient to give it power, including:

- The size of the group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the group gains control until the date when the group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. Those interests of non-controlling shareholders that present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to the acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the company.

Special purpose entities

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective, such as the securitisation of particular assets or the execution of a specific borrowing or lending transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the group and the SPE's risks and rewards, the group concludes that it controls the SPE, including SPEs that are owned by trusts.

The assessment of whether the group has control over an SPE is carried out at inception, and normally no further reassessment of control is carried out in the absence of changes in the structure or terms of the SPE or additional transactions between the group and the SPE. Day-to-day changes in market conditions normally do not lead to a reassessment of control. However, sometimes changes in market conditions may alter the substance of the relationship between the group and an SPE, and in such instances, the group determines whether the change warrants a reassessment of control based on the specific facts and circumstances. Where the group's voluntary actions change the relationship between the group and an SPE, the group performs a reassessment of control over the SPE.

5 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.

SA Taxi's current economic environment and business model update

SA Taxi's initial view on the COVID-19 impact was that both the taxi industry and commuter density would recover in the short to medium-term, which was based upon our two-decade long experience of the industry's resilience. At the start of the calendar year 2023 it became apparent that the minibus taxi environment was unlikely to rebound at a rate in line with our original expectations. The industry's profitability remains stressed due to stubbornly elevated fuel prices, vehicle price increases, sharp interest rate hikes, persistently low commuter volumes and the lack of corresponding fare increases. Record levels of loadshedding are adversely impacting economic activity, with a further negative knock-on effect on commuter activity. Loadshedding has also increased traffic density causing longer commute times, resulting in a reduction in the number of trips completed by taxi operators. This has resulted in a systemic change which has eroded profitability on marginal routes, making it difficult for operators to afford loan repayments, reducing our ability to serve this lower-end segment of the industry. Throughout this period, the industry operated as an essential service under stressed conditions, but without any government support.

During 2023 there has been an acute focus on higher quality credit risk load origination resulting in a lower absolute quantum of loans originated against repossessed and refurbished quality renewed taxis.

Given these factors, management's view of future uncertainty and risk of the taxi industry, and the strategy to refurbish and refinance less pre-owned vehicles going forward and utilise alternative repossessed vehicle disposal channels resulting in lower recovery rates, we have re-assessed the assumptions underpinning the IFRS 9 and IFRS 17 forward looking provision models across the entire portfolio based on our best estimate of the impact that these factors are likely to have on future expected losses. In addition, for this same reason the net realisable value of stock has been reduced to reflect lower recoveries expected from alternative repossessed vehicle disposal channels. The updates to these assumptions have been recognised as changes in accounting estimates in accordance with IAS 8 paragraph 34 and therefore the impacts have been applied on a prospective basis.

The impact of the macroeconomic environment and amendments to the companies' business model have also been assessed on the recoverability of deferred tax assets and goodwill.

Refer to notes 9, 10, 17, 18 and 22 of the financial statements, for further details.

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

5.1 Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit (CGU) to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Goodwill is considered for impairment annually.

Factors taken into consideration include the economic viability of the asset itself and, where it is a component of a larger economic unit, the viability of the unit. Refer to note 17 of the consolidated financial statements for further disclosure around goodwill impairment testing.

5.2 Deferred tax

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in the 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.

5.3 Business model assessment

Classification and measurement of financial assets depend on the results of the sole payments of principal and interest (SPPI) and the business model test. The group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. Refer to note 44. 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 group 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 group'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 the business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

5 Management estimates continued

5.4 Significant increase in credit risk

As explained in note 44, 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 group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

5.5 Impairment of financial assets

The group measures the 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.

5.6 Repossessed vehicle stock

Repossessed vehicle stock represents vehicles that have been physically repossessed by the group and represents 'stock on hand'. Repossessed vehicle stock held by the group represents security attached where a borrower has defaulted under the terms of a vehicle finance arrangement.

The group maximises its recovery on repossessed vehicle stock through refurbishment capability, where repossessed vehicle stock is repaired and onsold as quality renewed taxi's. These assets therefore in substance meet the definition of inventory per IAS 2 as they are 'held for sale in the ordinary course of business, or in the process of production for such a sale' and therefore are measured according to the measurement principles of IAS 2.

Repossessed vehicle stock is stated at the lower of cost or net realisable value. Net realisable value 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 and presented within the impairment of loans and advances. 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 (given these assets still represent security for defaulted loans and therefore affect the credit risk that lenders are exposed to in terms of outstanding loans and advances). Repossessed vehicle stock is presented as part of inventory where the balances are expected to be recovered within a 12-18 months period as they are either ready for sale in their current condition or have entered the realisation channel.

Repossessed vehicle stock are included as a non-financial asset in the categorised statement of financial position and is also excluded from the credit risk disclosures.

5.7 Insurance contracts

5.7.1 Presentation of insurance contract liabilities

Unique to the financed motor comprehensive insurance product offering is the inclusion of absconsion, violation and credit shortfall cover (AVCS) provided to protect the policyholder in adverse conditions. IFRS 17, paragraph 78 requires that the statement of financial position shall include line items that present, inter alia, groups of contracts within the scope of IFRS 17 that are liabilities.

The group's exposure to the underlying portfolio consists of both credit risk (measured in accordance with IFRS 9) and insurance risk (measured in accordance with IFRS 17). With respect to the measurement of the liability for remaining coverage, credit metrics are used as indicators for the severity of the claim. To the extent that the insured event affects the recovery of the underlying asset and given that the assessment of risk and exposure on the underlying portfolio is considered on a group basis, a portion of the liability for remaining coverage relating to the active financed debtors and repossessed vehicle stock portfolios is presented as part of net loans and advances or inventory (where the repossessed vehicle stock has moved into a repair/realisation channel) as these insurance contract liabilities reduce the group's overall exposure on the 'default' contract sets. These allocations are set out in notes 9, 10 and 22 of the consolidated annual financial statements.

All insurance liabilities relating to remaining coverage or incurred claims are included as part of insurance contract liabilities as required by IFRS17 paragraph 78.

Given that the IFRS 17 and IFRS 9 provisions are inextricably linked, the presentation of these specific insurance contract liabilities with the related loans and advances and inventory balances in notes 9 and 10 to the statement of financial position is a more faithful representation of the effects of transactions. Fair presentation in compliance with IFRS 17 and IAS 1 has been achieved by providing additional disclosures, as the specific requirements in IFRS 17 paragraph 78 are insufficient to enable users to understand the impact of the group's application of the standard on the group's financial position.

Ceded insurance contracts are measured and recognised according to IFRS 17. On the face of the statement of financial position, these contracts are shown as part of insurance contract liabilities. The presentation of ceded insurance contracts against net loans and advances and inventory is to enable users to understand the underlying risk that the group is exposed to after considering provisions and liabilities recognised to cover both the credit and insurance risk of the portfolio.

5 Management estimates continued

5.7 Insurance contracts continued

5.7.2 Fulfilment cash flows

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

Fulfilment cash flows comprise:

- Estimates of future cash flows;
- An adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- A risk adjustment for non-financial risk.

The group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value.

5.7.3 Estimates of future cash flows

In estimating future cash flows, the group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the group takes into account current expectations of future events that might affect those cash flows.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the group has discretion over the amount or timing. Other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

The timing and uncertainty of cash flows are affected by the following probabilities: policy lapses; probability of death; probability of default, probability of repossession and the probability of repair or salvage (given repossession).

5.7.4 Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus a liquidity premium where applicable. Risk-free rates are determined by reference to the ZAR swap curve. The liquidity premium is determined by reference to observable market rates, including sovereign debt, corporate debt and market swap rates. Refer to note 44.5 of the consolidated annual financial statements for discount rates applied for discounting of future cash flows.

5.7.5 Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimated amount.

The group has estimated the risk adjustment using a value-at-risk (VaR) approach. The risk adjustment for insurance contracts corresponds to a 65% confidence level (2022: 65%).

5.7.6 Assessment of in-substance reinsurance contracts

The group, through WeBuyCars (WBC) has shareholding in third party Cell Captives registered through an insurer in South Africa. From the current financial year, the group has assessed the overall commercial effect of the agreements, and determined that they contain in-substance, properties of reinsurance agreements. In terms of the agreements, significant insurance risk is initially accepted by the insurer, and to the extent that premiums and reserves are insufficient to cover claims, the insurer transfers significant insurance risk to the group by requiring the group to recapitalise the cell as and when necessary to meet capital adequacy requirements. As a result, the overall commercial effect is similar to an insurance contract and is considered an in-substance reinsurance contract issued from the perspective of the group. The agreements are therefore accounted for as insurance contracts in terms of IFRS 17 Insurance Contracts.

	2023 Rm	2022 Rm
6 Cash and cash equivalents		
Bank balances*	**858**	485
Call deposits*	**162**	353
Bank balances and call deposits held within securitisation special purpose vehicles**	**1 102**	620
Cash held for insurance operations***	**16**	20
Total cash and cash equivalents	**2 138**	1 478
Bank overdrafts****	**(594)**	(818)
Net cash and cash equivalents	**1 544**	660
Total overdraft facilities	**880**	1 165

** R69 million (2022: R41 million) of cash balances and call deposits at year end have been ceded by Transaction Capital Limited and Transcapital Investments Limited to a guarantor as security for any obligations that may arise should these entities default on payment obligations to their funders.*

*** Ceded as part security for securitisation debentures and loans as shown in note 23, and therefore regarded as restricted cash.*

**** Represents restricted cash held within the insurance cell captive.*

***** Trade and other receivables, loans and advances, purchased book debts and cash and cash equivalents have been pledged as security for overdraft facilities of R550 million (2022: R835 million).*

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.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the group's cash management. Such overdrafts are presented as liabilities in the statement of financial position.

7 Other investments

Other investments are carried at fair value through profit and loss. The net fair value gain or loss includes interest earned on the investment and is disclosed as part of interest income on the income statement.

	2023 Rm	2022 Rm
Money market fund investments (Refer to 7.1)*	**850**	1 381
Other**	**–**	45
Total other investments	**850**	1 426

** Money market fund investments have been ceded as security as follows:*
– R728 million (2022: R1 261 million) has been ceded to a guarantor as security for any obligations that may arise should Transaction Capital Limited and Transcapital Investments Limited default on payment obligations to their funders.
– R122 million (2022: R120 million) ceded as part security for securitisation debentures and loans as shown in note 23, and therefore regarded as restricted.

*** The group through Nutun holds an investment with a carrying value of R49.9 million which has been transferred to held for sale. Refer to note 19 for further information.*

7 Other investments continued

7.1 Money market fund investments

Money market fund investments comprise the following:

2023	Stanlib	Nedgroup	Ninety-One	Standard Bank	Total
Funds invested (Rm)	**322**	**266**	**25**	**237**	**850**
Average interest rate earned	**8.3%**	**8.5%**	**8.6%**	**8.2%**	**8.4%**
Composition of underlying investments:	**100%**	**100%**	**100%**	**100%**	**100%**
Local banks	**84.0%**	**86.0%**	**70.9%**	**86.2%**	**84.9%**
Foreign banks	**14.8%**	**12.3%**	**27.2%**	**12.6%**	**13.7%**
Government	**1.2%**	**1.7%**	**1.9%**	**1.2%**	**1.4%**
2022					
Funds invested (Rm)	492	422	467	–	1 381
Average interest rate earned	6.7%	6.5%	6.7%	–	6.6%
Composition of underlying investments:	100%	100%	100%	–	100%
Local banks	81.8%	85.8%	86.2%	–	84.6%
Foreign banks	16.5%	12.5%	12.6%	–	13.9%
Government	1.7%	1.7%	1.2%	–	1.5%

The group has classified its money market fund investments as other investments as the risk of future changes in value have been assessed to not be insignificant.

The money market fund investments are highly liquid. The group is able to convert the investments into cash within 24 hours of making such requests.

8 Trade and other receivables

	2023 Rm	2022 Rm
Trade receivables*	**818**	758
Impairment provision	**(30)**	(14)
Net trade receivables	**788**	744
Prepayments and other deferrals	**137**	133
Dealer incentive commission	**367**	352
Insurance premiums receivable	**81**	88
Other sundry insurance claim receivables	**61**	72
Premium debtors	**14**	23
VAT receivable	**99**	232
Deposits	**40**	35
Salvage and other sundry debtors	**226**	244
Total trade and other receivables	**1 813**	1 923
Movement in impairment provision		
Balance at the beginning of the year	**(14)**	(20)
Impairment recognised in profit or loss	**(35)**	(3)
Utilisation of impairments	**18**	8
Reversal of impairments	**1**	1
Balance at the end of the year	**(30)**	(14)

* *R550 million (2022: R360 million) ceded as security for overdraft facilities and bank loans as shown in notes 6 and 23.*

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 group measures the loss allowance for trade receivables at an amount equal to lifetime expected 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.

8 Trade and other receivables continued

	2023 Rm	2022 Rm
Maximum exposure to credit losses of trade receivables	**788**	744
Gross trade receivables	**818**	758
Less impairment provision	**(30)**	(14)
Carrying value of trade receivables less impairment provision	**788**	744
Residual exposure	**788**	744

9 Inventories

Inventories comprise vehicles inventories, work in progress relating to the refurbishment of repossessed vehicles, components and spares, parts, and hardware. Vehicle inventories comprise new and repossessed minibus taxis held by SA Taxi as well as secondhand vehicles held by WeBuyCars.

Inventories are stated at the lower of cost or net realisable value. Cost is determined using specific identification for vehicles and work in progress as the vehicles are not ordinarily interchangeable. Cost is determined using the weighted average method for components and spares, and hardware. Costs include landed costs, freight and clearing costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and costs to be incurred in marketing, selling and distribution. The write-down of inventory to net realisable value and the reversal thereof is recognised in profit and loss. The reversals of write-downs are limited to the cost of inventory.

SA Taxi minibus vehicles

Vehicles in possession held by credit providers within the group represent security attached where a borrower has defaulted under the terms of a vehicle finance arrangement. Vehicles in possession are stated at the lower of cost or net realisable value. Net realisable value 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 presented as part of inventory where the balances are expected to be recovered within 12-18 months as they are either ready for sale in their current condition or have entered the realisation channel.

	2023 Rm	2022 Rm
9 Inventories continued		
Net hardware	**2**	1
Hardware stock	**2**	1
Impairment provision for hardware stock	**–**	–
Components and spares	**126**	249
Work in progress	**4**	15
Minibus vehicle sales stock*	**229**	228
Net minibus vehicle stock which has entered realisation channels*	**418**	1 413
Gross minibus vehicle stock which has entered realisation channels***	**457**	1 444
IFRS 17 – ceded insurance contract liabilities**	**(39)**	(31)
Second-hand motor vehicle stock****	**2 187**	1 853
Inventories net of benefits ceded on insurance contracts	**2 966**	3 759
IFRS 17 provision – ceded**	**39**	31
Total inventories	**3 005**	3 790

* *Minibus vehicle inventories with a value of R22 million (2022: R23 million) have been pledged to secure the floorplan facility. A further R396 million (2022: R1 473 million) have been ceded as part security for amortising securitising debentures and loans as shown in note 23.*

** *To the extent that the insured event affects the recovery of the underlying asset and given that the assessment of risk and exposure on the underlying portfolio is considered on a group basis, a portion of the liability for remaining coverage relating to insurance contracts that are ceded to the finance provider to cover the repair/realisation costs of the collateral relating to the repossessed vehicle stock portfolios, is presented as part of inventory where the repossessed stock has moved into a repair/realisation channel. The movement in these liabilities is due to a change in the distribution of stock on hand to newer year models. Refer to note 22.*

*** *Includes minibus vehicle and salvage stock with a gross value of R1 300 million (2022: R1 712 million) and an impairment provision of R843 million (2022: R299 million).*

**** *Second-hand motor vehicles relate to the vehicle inventory held by WeBuyCars. This includes vehicle stock with a gross value of R2 220 million (2022: R1 870 million) and an impairment provision of R33 million (2022: R17 million).*

Of the total inventories of R3 005 million (2022: R3 790 million), inventories to the value of R907 million (2022: R1 858 million) are carried at net realisable value. The remainder is carried at cost. Inventories of R182 million (2022: R nil) are expected to be recovered after more than 12 months.

The significant write down of inventory in the current year is as a result of lower recoveries which are driven by the lower level of repossessed vehicles we intend to refurbish and refinance going forward. The remeasurements have been treated as changes in accounting estimates in accordance with IAS 8. Refer to note 5, for further details. The net realisable value has been determined with reference to the condition of the stock unit on hand and its expected realisation channel. In the current year, the business identified multiple realisation channels some of which will not include refurbishing/repairing the vehicle before sale.

10 Loans and advances

	2023 Rm	2022 Rm
Gross loans and advances	**16 894**	15 594
Loans and advances * (refer to note 44 for the IFRS 7- Financial Instruments disclosure)	**17 266**	15 380
Repossessed vehicle stock on hand	**114**	214
Ceded insurance contract liabilities**	**(486)**	–
Impairment provision (refer to note 10.1.2)	**(2 265)**	(642)
Loans and advances (refer to note 44 for the IFRS 7- Financial Instruments disclosure)***	**(1 867)**	(562)
Repossessed vehicle stock on hand***	**(86)**	(70)
Ceded insurance contract liabilities**/***	**(312)**	(10)
Loans and advances net of expected credit loss and benefits ceded on insurance contracts******	**14 629**	14 952
IFRS 17 provision – ceded**	**798**	10
Loans and advances net of expected credit loss	**15 427**	14 962

* *R6 million (2022: R18 million) of loans and advances relates to entry-level vehicles carried at fair value and, Rnil million (2022: R25 million) relates to the shortfall book also carried at fair value. The reduction in fair value is a result of SA Taxi's business model change and the shift in management's focus on core strategic assets.*

** *To the extent that the insured event affects the recovery of the underlying asset and given that the assessment of risk and exposure on the underlying portfolio is considered on a group basis, a portion of the liability for remaining coverage relating to active financed debtors is presented as part of net loans and advances. Refer to note 22.*

*** *Higher provision coverage is held across both the IFRS 9 and IFRS 17 portfolios, which reflects the group's view of the future uncertainty and risk of the taxi industry, as well as the impact of the revised business model to originate less pre-owned units going forward impacting overall recovery rates. These remeasurements have been treated as changes in accounting estimates in accordance with IAS 8. Refer to note 30.*

**** *R14.2 billion (2022: R14.7 billion) ceded as part security for amortising securitising debentures and loans as disclosed in note 23 of the group consolidated financial statements.*

		2023 Rm	2022 Rm
10	**Loans and advances** continued		
10.1	**Gross loans and advances by asset type**		
	Finance leases (Refer to note 10.1.1)	**16 894**	15 594
	Gross loans and advances	**16 894**	15 594
10.1.1	**Finance leases**		
	Gross finance leases including unearned finance charges	**27 537**	24 542
	Unearned finance charges	**(10 643)**	(8 948)
	Gross finance leases	**16 894**	15 594
	Impairment provision	**(2 265)**	(642)
	Net finance leases	**14 629**	14 952
	Maturity analysis of gross finance leases		
	Amounts up to one year	**2 631**	3 413
	Amounts between one and two years	**2 904**	3 319
	Amounts between two and three years	**2 747**	3 211
	Amounts between three and four years	**2 400**	2 611
	Amounts between four and five years	**1 931**	1 427
	Amounts in excess of five years	**4 281**	1 613
	Total gross finance leases	**16 894**	15 594
	Average remaining loan term (months)	**55**	55
	Average loan term at origination (months)	**84**	78
10.1.2	**Movement in impairment provision**		
	Balance at the beginning of the year	**(642)**	(791)
	Impairment recognised in profit or loss*	**(3 757)**	(862)
	Reversals of impairments recognised in profit and loss in prior years	**4**	6
	Utilisation of impairment provision**	**2 130**	1 005
	Balance at the end of the year	**(2 265)**	(642)
10.1.3	**Loans and advances past due not specifically impaired*** **		
	Amounts up to 30 days overdue	**1 522**	2 009
	Amounts 30 to 60 days overdue	**984**	1 172
	Amounts 60 to 90 days overdue	**647**	505
	Amounts in excess of 90 days overdue	**2 419**	2 131
	Total	**5 572**	5 817

* *Includes -R609 million (2022: -R15 million) related to a change in estimate on insurance contract liabilities and excludes the impact of bad debts recovered of R5 million (2022: R6 million). Refer to note 30 for further details regarding the increase in the impairment recognised in profit or loss for the year.*

** *The utilisation of the impairment provision is impacted by the volume of repossessed vehicle refurbishments and sales. The impairment of repossessed vehicles is calculated in relation to its net realisable value. The net realisable value is the estimated selling price achieved in the active secondhand taxi market less the cost of refurbishment and selling expenses. The cost of refurbishment includes a forward-looking forecast for repair costs. Utilisation of impairment provision includes R336 million (2022: R43 million) related to insurance contract liabilities.*

*** *Refer to note 44.1 of the consolidated annual financial statements for the definition of default.*

R3 724 million (2022: R852 million) of the impairment movement in the income statement detailed above relates to the SA Taxi segment, and the remaining R27 million (2022: R4 million) relates to the Gomo segment.

11 Purchased book debts

Purchased credit-impaired financial assets (principal book portfolios) are those that, at the date of initial recognition (acquisition), are credit-impaired. The group purchases its portfolios at a deep discount that reflects the incurred credit losses.

Purchased credit-impaired financial assets reflected below include cumulative changes in lifetime expected credit losses since acquisition as a loss allowance. The amount of the change in lifetime expected credit losses is reflected as an impairment gain or loss in profit or loss. Favourable changes in lifetime expected credit losses (where collections on portfolios are expected to outperform the collections expected when the portfolios were acquired) are recognised as an impairment gain even if the lifetime expected credit losses are less than the value of expected credit losses that were included in the estimated cash flows when acquired.

Other financial assets relate to purchased book debt contracts where Nutun does not have title of the underlying portfolio. These purchased book debts are measured on a fair value basis. Refer to note 44.10.

	2023 Rm	2022 Restated** Rm
Principal book portfolio* (refer to 11.1)	**4 398**	3 785
Other financial assets (refer to 11.2)	**627**	423
Total purchased book debts	**5 025**	4 208

11.1 Principal book portfolio

Reconciliation of movements in the year		
Balance at the beginning of the year	**3 785**	3 145
Additions	**1 030**	1 358
Net cash collections**/***	**(1 411)**	(1 491)
Disposal of purchased book debts	**–**	(26)
Transfer to assets held for sale	**–**	(316)
Interest calculated using the credit adjusted effective interest rate (CAEIR)**	**778**	815
Impairment gain**	**216**	281
Effect of foreign currency exchange differences	**–**	19
Balance at the end of the year	**4 398**	3 785

11.2 Other financial assets

Reconciliation of movements in the year		
Balance at the beginning of the year	**423**	296
Additions	**111**	84
Cash collections**	**(226)**	(208)
Fair value movements**	**319**	251
Balance at the end of the year	**627**	423

* *R4 398 million (R3 785 million) ceded as part of security for loans as shown in note 23.*

** *The reconciliation of movements presented in this note have been restated for the correction of the presentation of purchased book debts as detailed in note 28.*

*** *Included in net collections are gross collections of R1 506 million (2022: R1 583 million) and attributable collection costs of R96 million (2022: R92 million).*

12 Other loans receivable

	2023 Rm	2022 Rm
Gross other loans receivable	**114**	132
Impairment	**(13)**	(6)
Net other loans receivable**	**101**	126
Gross other loans receivable by asset type		
Loans to employees	**–**	1
Other loans receivable*	**114**	138
Gross other loans receivable	**114**	139
Reconciliation of movements in the year		
Balance at the beginning of the year	**126**	65
Loans advanced	**12**	64
Impairment provision	**–**	(1)
Interest	**5**	2
Loans repaid	**(1)**	(4)
Transfer to held for sale**	**(49)**	–
Effect of foreign currency exchange difference	**8**	–
Balance at the end of the year	**101**	126

* *Of the loans outstanding at the end of the current year, R86 million (2022: R83 million) were advanced to related parties. Refer to note 45 for further details.*

** *The loan receivable is transferred to held for sale because it is related to the Investment in Troy. Refer to note 19 for further details.*

The carrying value of other loans receivable approximates fair value.

Appropriate fringe benefits tax has been levied on low-interest loans.

13 Derivative assets and liabilities

	2023 Rm	2022 Rm
Derivative assets held for risk management		
Interest rate swaps	**5**	2
Cross-currency swaps	**468**	422
Other derivative assets – not held for risk management		
Call option derivative	**426**	269
Total derivative assets	**899**	693
Derivative liabilities held for risk management		
Interest rate swaps	**(9)**	(12)
Cross-currency swaps	**(52)**	(7)
Total derivative liabilities	**(61)**	(19)

Fair value hedges of interest rate risk

The group uses interest rate swaps to hedge the interest rate by exchanging fixed rate liabilities for floating rate liabilities.

Cash flow hedges of foreign currency risk

The group uses cross-currency swaps to hedge the foreign currency risks arising from interest-bearing liabilities denominated in foreign currencies. These interest-bearing liabilities have a carrying value of R4.1 billion (USD 226 million) (2022: R2.7 billion (USD 156 million)). The currency exposure is 100% hedged.

The details of the hedging derivative instruments are set out in note 44.8.

Call option derivative

The group, through its subsidiary WBC Holdings holds a call option over the remaining 25.1% shareholding in WBC Holdings. Under the call option arrangement, WBC Holdings Pty Ltd has the option ("call option") to require the non-controlling interests to dispose to WBC holdings:

- within a 30-day period of 30 September 2024, on the effective date of such option, such number of shares in WBC Holdings as will result in the minority shareholder retaining, after implementation of such sale, 10.1% of the shares in WBC Holdings; and
- within a 30-day period of 30 September 2026, on the effective date of such option, all of the remaining shares held by the minority shareholder in WBC Holdings.

Refer to note 44.10 for a description of the valuation methodology applied for the call option derivative.

As the put and call options relating to the WBC Holdings have different exercise dates, they do not meet the definition of a synthetic forward and have been accounted for as separate instruments. Refer to note 25 for the put option disclosure.

14 Equity accounted investments

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. Under the equity method, an investment in an associate or a joint venture is recognised initially in the statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate or joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 – Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 – Impairment of assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, an impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

14.1 Details of the group's investments in associates at 30 September 2023 are as follows:

	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest held by the group%	
			2023	**2022**
Agile Bridge (Pty) Ltd (Agile Bridge)	Software development	South Africa	**20%**	20%
GoBid (Pty) Ltd (GoBid)	Digital salvage platform	South Africa	**40%**	40%
Revive Financial Group (Pty) Ltd (Revive)	Debt advisory	Australia	**25%**	25%
TC Global Finance Limited (TC Global Finance)*	TC Globalisation	Europe	**50%**	50%

* *The investment is accounted for as an associate as the group does not have the unilateral ability to control, direct or govern how the independent directors may vote on decisions that impact the variable returns of the investment, therefore significant influence exists opposed to unanimous consent.*

The group does not consider the investments above to be material to its operations.

14 Equity accounted investments continued

14.2 Carrying amount of equity accounted investments

	GoBid		TC Global Finance		Revive		Agile Bridge		Total	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm
Net assets of investment*	**598**	617	**713**	685	**37**	31	**31**	22	**1 379**	1 355
Proportion of the group's ownership interest in the investment	**239**	247	**357**	343	**9**	8	**6**	4	**611**	602
Goodwill	**362**	403	**–**	–	**76**	73	**4**	4	**442**	480
Shareholder loan	**–**	–	**–**	–	**4**	4	**–**	–	**4**	4
Transaction costs	**–**	6	**–**	–	**6**	–	**–**	–	**6**	6
Other adjustments**	**–**	–	**–**	–	**–**	5	**–**	–	**–**	5
Carrying amount of the group's interest in investment	**601**	656	**357**	343	**95**	90	**10**	8	**1 063**	1 097

14.2.1 The carrying amount of the group's interest in the investment comprises:

	GoBid		TC Global Finance		Revive		Agile Bridge		Total	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm
Carrying amount at the beginning of the year	**656**	–	**343**	220	**90**	81	**8**	–	**1 097**	301
Investment into equity accounted investment	**–**	650	**12**	93	**–**	–	**–**	8	**12**	751
Transaction costs	**–**	6	**–**	–	**–**	–	**–**	–	**–**	6
Share of (loss)/profit after tax	**(2)**	–	**(56)**	41	**1**	6	**4**	–	**(53)**	47
Dividend received***	**–**	–	**–**	–	**–**	(3)	**(2)**	–	**(2)**	(3)
Effect of foreign currency exchange difference	**–**	–	**58**	(11)	**4**	6	**–**	–	**62**	(5)
Impairment of investment****	**(53)**	–							**(53)**	–
Balance at the end of the year	**601**	656	**357**	343	**95**	90	**10**	8	**1 063**	1 097

* *This represents amounts included in the IFRS financial statements of the associate, not the group's share of these amounts.*

** *Other adjustments include intangible assets and payables raised in terms of IAS 28 – Investment in associates and Joint Ventures.*

*** *Dividends received from associates represent the actual amounts attributable and hence received by the group.*

**** *The valuation of the equity accounted investment has been calculated applying a free cashflow model, discounted with a weighted average cost of capital. The discount rate used in the value in use calculation at year end was 17.2% (2022: 16.4%). A terminal value growth rate of 4% (2022: 5%) was estimated based on GoBid's future financial performance and market developments. These rates do not exceed the average long term growth rate for the relevant market.*

14 Carrying amount of equity accounted investments continued

14.3 Cash flow from investment into equity investments:

	2023 Unaudited Rm	2022 Unaudited Rm
The cash flow movement in investment into equity accounted investments is calculated as follows:		
Decrease/(Increase) in equity accounted investment	**34**	(796)
Share of (loss)/profit after tax	**(53)**	47
Exchange of the salvage business for investment in GoBid	**–**	650
Impairment of investment	**(53)**	–
Effect of foreign currency exchange difference	**62**	(5)
Net investment into equity accounted investments	**(10)**	(104)

15 Intangible assets

Intangible assets with finite useful lives are initially recognised at cost if acquired separately or at fair value at the date of acquisition in a business combination and are subsequently carried at cost less accumulated amortisation and accumulated impairment. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets are amortised using a combination of the straight-line method and the diminishing balance method over the estimated economic lives over the assets. In some cases, assets within the same class are amortised using different methods. This is the case for customer relationships acquired by the group, in which case where the benefit is expected to be derived from a portion of the asset class in a constant manner over the useful life of the asset, the straight line basis has been used, but where the benefits are expected to decrease over the useful life of a portion of the asset class, the diminishing balance method has been used.

For intangible assets amortised on the straight-line basis, the following periods are applied:

Internally- generated computer software	5 – 10 years
Other computer and telephony software	2 – 3 years
Customer relationships	4 – 13 years
Brands and trademarks	Indefinite useful life

For intangible assets amortised on the diminishing balance basis, the carrying values of the assets are amortised annually using the following percentages:

Customer relationships	20%

Useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates being recognised on a prospective basis.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. This is done by comparing the recoverable amounts (higher of value in use and fair value less costs to sell) of the intangible assets to their carrying amounts. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised immediately in profit and loss.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Impairment assessment of brands and trademarks

The trademarks and brands relating to the business combinations do not have foreseeable limits to the periods over which the assets are expected to generate net cash inflows for the group. It is management's intention to renew the trademarks associated with these brands for the foreseeable future. Brands and trademarks with indefinite useful lives were acquired through business combinations in prior financial years and R2 757 million (2022: R2 757 million) relates to the WBC acquisition, R31 million (2022: R30 million) relates to the acquisition of Nutun Australia, R10 million (R10 million) relates to Nutun South Africa acquisition and R14 million (2022: R14 million) relates to the Roadcover acquisition. There are no anticipated external factors which could lead to a diminishment in the estimated useful lives of these brands.

15 Intangible assets continued

Brands and trademarks were tested for impairment as part of the goodwill impairment and no impairment loss was recognised. The following inputs were used in the impairment assessment: Terminal values were calculated based on long-term growth rates of:

- 5% (2022: 5%) for Nutun South Africa;
- 2.5% (2022: 2.5%) for Nutun Australia;
- 5.3% (2022: 6.7%) for Value Added Services; and
- 4.8% (2022: 5.5%) for WeBuyCars.

These rates do not exceed the average long-term growth rate for the relevant markets. The values in use of the CGUs which are lending businesses are determined based on free cash flow to equity, discounted with a cost of equity, and the value in use of CGUs which operate as service businesses are determined based on free cash flows to the firm, discounted with a weighted average cost of capital.

The pre-tax discount rates used in the value in use calculations at year end were:

- 18.3% (2022: 18.7%) for Nutun South Africa;
- 11% (2022: 11%) for Nutun Australia;
- 16.5% (2022: 18.5%) for Value Added Services; and
- 15.1% (2022: 13.4%) for WeBuyCars.

	Computer and telephony software* Rm	Brands and trademarks Rm	Customer relationships Rm	Total Rm
Intangible assets				
Cost				
At 30 September 2021	499	2 809	201	3 509
Additions	130	–	–	130
Additions through business combinations	–	–	54	54
Disposals	(1)	–	–	(1)
Effect of foreign currency exchange difference	7	2	2	11
At 30 September 2022	**635**	**2 811**	**257**	**3 703**
Additions	**135**	**–**	**–**	**135**
Additions through business combinations	**–**	**–**	**90**	**90**
Disposals	**(23)**	**–**	**–**	**(23)**
Effect of foreign currency exchange difference	**4**	**1**	**1**	**6**
At 30 September 2023	**751**	**2 812**	**348**	**3 911**
Accumulated amortisation				
At 30 September 2021	(204)	–	(68)	(272)
Amortisation expense	(52)	–	(40)	(92)
Effect of foreign currency exchange difference	(2)	–	(1)	(3)
At 30 September 2022	**(258)**	**–**	**(109)**	**(367)**
Disposals	**21**	**–**	**–**	**21**
Amortisation expense	**(77)**	**–**	**(69)**	**(146)**
Effect of foreign currency exchange difference	**(3)**	**–**	**(1)**	**(4)**
At 30 September 2023	**(317)**	**–**	**(179)**	**(496)**
Net carrying value				
Cost	635	2 811	257	3 703
Accumulated amortisation	(258)	–	(109)	(367)
Net carrying value at 30 September 2022	**377**	**2 811**	**148**	**3 336**
Cost	**751**	**2 812**	**348**	**3 911**
Accumulated amortisation	**(317)**	**–**	**(179)**	**(496)**
Net carrying value at 30 September 2023	**434**	**2 812**	**169**	**3 415**

* *Included in computer and telephony software is IT software still under development of R38 million (2022: R41 million) which will start amortising in accordance with the accounting policy when the software becomes operational.*

16 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Items of property and equipment are depreciated on a component basis to their residual values on a straight line basis over their estimated economic lives.

Depreciation commences from the date that they are available for use over the following periods:

Vehicles	5 – 6 years
Office and computer equipment	2 – 8 years
Machinery and fittings	6 – 7 years
Furniture and fittings	4 – 9 years
Right-of-use assets	Shorter period of the lease term and useful life of the underlying asset
Leasehold improvements	Lesser of lease period or useful life
Leasehold rights	Lesser of lease period or 25 years
Buildings	20 years

Land has an unlimited useful life and is therefore not depreciated.

The residual values, estimated useful lives and methods of depreciation of the assets are reviewed at each financial year-end, and, if expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

16 Property and equipment continued

	Vehicles Rm	Machinery Rm	Office and computer equipment Rm	Right of use assets -Buildings Rm	Land* Rm	Buildings* Rm	Total Rm
Property and equipment							
Cost							
At 30 September 2021	65	43	308	470	178	448	1 512
Additions – expansion	9	15	146	418	128	352	1 068
Disposals	(3)	–	(44)	(65)	(42)	(9)	(163)
Additions through business combinations	2	–	5	36	–	–	43
Effect of foreign currency exchange difference	–	–	3	8	–	–	11
At 30 September 2022	**73**	**58**	**418**	**867**	**264**	**791**	**2 471**
Additions*	**6**	**2**	**155**	**266**	**–**	**22**	**451**
Disposals	**(9)**	**(6)**	**(92)**	**(85)**	**(3)**	**(19)**	**(214)**
Remeasurements	**–**	**–**	**–**	**49**	**–**	**–**	**49**
Reclassification	**11**	**–**	**(4)**	**2**	**–**	**–**	**9**
Effect of foreign currency exchange difference	**–**	**–**	**6**	**8**	**–**	**–**	**14**
At 30 September 2023	**81**	**54**	**483**	**1 107**	**261**	**794**	**2 780**
Accumulated depreciation							
At 30 September 2021	(30)	(17)	(190)	(198)	–	(2)	(437)
Depreciation expense**	(6)	(7)	(55)	(117)	–	(25)	(210)
Disposals	–	–	43	58	–	9	110
Impairment losses	–	–	(7)	(22)	–	–	(29)
Effect of foreign currency exchange difference	–	–	(2)	(3)	–	–	(5)
At 30 September 2022	**(36)**	**(24)**	**(211)**	**(282)**	**–**	**(18)**	**(571)**
Depreciation expense	**(8)**	**(7)**	**(85)**	**(161)**	**–**	**(40)**	**(301)**
Disposals	**8**	**3**	**93**	**82**	**–**	**2**	**188**
Impairment losses	**–**	**(1)**	**–**	**(28)**	**–**	**–**	**(29)**
Remeasurements	**–**	**–**	**–**	**14**	**–**	**–**	**14**
Effect of foreign currency exchange difference	**–**	**–**	**(2)**	**(2)**	**–**	**–**	**(4)**
At 30 September 2023	**(36)**	**(29)**	**(205)**	**(377)**	**–**	**(56)**	**(703)**
Net carrying value							
Cost	73	58	418	867	264	791	2 471
Accumulated depreciation	(36)	(24)	(211)	(282)	–	(18)	(571)
Net carrying value at 30 September 2022	37	34	207	585	264	773	1 900
Cost	**81**	**54**	**483**	**1 107**	**261**	**794**	**2 780**
Accumulated depreciation	**(36)**	**(29)**	**(205)**	**(377)**	**–**	**(56)**	**(703)**
Net carrying value at 30 September 2023	**45**	**25**	**278**	**730**	**261**	**738**	**2 077**

* *Freehold land and buildings with a carrying amount of R958 million (2022: R985 million) have been pledged to secure borrowings of the group (see note 23). The group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.*

** *Additions includes purchases of R304 million (2022: 682 million) and capitalization of leases of R147 million (2022: 386 million).*

17 Goodwill

The group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

At the acquisition date, goodwill acquired is allocated to cash-generating units (CGUs) that are expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amounts of assets in the unit. Any impairment loss for goodwill is recognised directly in profit or loss and is not reversed in subsequent periods.

On disposal of a CGU, the amount of goodwill attributable is included in the determination of the profit or loss on disposal.

	2023 Rm	2022 Rm
Balance at the beginning of the year	**4 754**	4 377
Impairment expense	**(63)**	(4)
Additions recognised from business combinations:	**537**	350
Milton Graham Australia and Milton Graham New Zealand*	**537**	–
Synergy Contact Centre (Pty) Ltd	**–**	336
Synergy Outsource Limited	**–**	14
Effect of foreign currency exchange differences	**22**	31
Carrying value at the end of the year	**5 250**	4 754
Composition of goodwill per cash-generating unit		
SA Taxi components		
SA Taxi – Lending	**–**	63
SA Taxi – Insurance	**436**	436
Value Added Services	**100**	100
Nutun Holdings (Nutun) components:		
Nutun – South Africa	**342**	341
Synergy group	**352**	350
Nutun Australia	**1 034**	478
WeBuyCars	**2 986**	2 986
Total goodwill	**5 250**	4 754

* *Refer to note 46 for further information.*

17 Goodwill continued

When testing goodwill for impairment, the recoverable amounts of CGUs are determined as the higher of value in use and fair value less costs to sell, the lower being the value in use. The CGUs prepare five-year forecasts using growth rates based on the specific market segments in which they operate and their expected performance in these markets. The key assumptions for value in use calculations are discount rates, growth rates and expected margins over the determined period. Discount rates reflect management's assessment of risks specific to the CGU as well as current market trends of the time value of money. Growth rates and expected margins are based on industry indicators as well as current and expected business trends.

During the current year, Recoveries Corporation Holdings Proprietary Limited and Recoveries Corporation New Zealand Limited (together the Recoveries Corporation Holdings Group "RCH Group"), wholly owned subsidiaries of Nutun Holdings acquired the receivables management business of Milton Graham Australia and Milton Graham New Zealand (together known and referred to as MG) on 2 November 2022. MG forms part of the Nutun Australia CGU.

Impairment

The group prepared five-year cash flow forecasts for each CGU. Terminal values were calculated based on long-term growth rates of:

- 5.3% (2022: 6.7%) for the SA Taxi lending business;
- 5% (2022: 5%) for Nutun South Africa;
- 2.5% (2022: 2.5%) for Nutun Australia;
- 5.3% (2022: 6.7%) for Value Added Services;
- 4.8% (2022: 5.5%) for WeBuyCars; and
- 4.8% (2022: 4.5%) for Synergy group (SCC and SOL).

These rates do not exceed the average long-term growth rate for the relevant markets. The values in use of the CGUs which are lending businesses are determined based on free cash flow to equity, discounted with a cost of equity, and the value in use of CGUs which operate as service businesses are determined based on free cash flows to the firm, discounted with a weighted average cost of capital.

The pre-tax discount rates used in the value in use calculations at year end were:

- 17.1% (2022: 18.6%) for the SA Taxi lending business;
- 18.3% (2022: 18.7%) for Nutun South Africa;
- 11% (2022: 11%) for Nutun Australia,
- 16.5% (2022: 18.5%) for Value Added Services;
- 15.1% (2022: 13.4%) for WeBuyCars;
- 21.5% (2022: 21.1%) for Synergy group (SCC and SOL).

The valuation method applied is consistent with that of the prior year.
The valuation of the SA Taxi insurance CGU has been calculated applying a free cashflow model, discounted with a pre-tax discount rate of 22.1% (2022: 17.28%). The valuation method applied is consistent with that of the prior year. No terminal value has been calculated.

The terminal value growth rate is estimated by the directors of the group based on past performance of the CGUs and their expectations of market development.

Based on the results of the current year impairment assessment, Goodwill of R63 million attributable to the SA Taxi lending business (part of SA Taxi segment) was fully impaired (no goodwill was impaired in the prior year). The recoverable amount was assessed to be less than the carrying value. The impairment is directly related to the stressed macroeconomic environment and the systemic changes in the taxi industry that eroded profitability of operators making it difficult for operators to afford loan repayments. Cash collections off the underlying loan portfolios drives the ability of the group to settle debt obligations. The reduction seen in cash collections off the portfolio has had a significant impact on the lending businesses to meet debt repayments. In turn, this has resulted in an asset and liability mismatch when comparing cash inflow and cash outflow requirements for a few of the lending businesses. The group has embarked on a full debt restructuring plan which started in June 2023 and is expected to be concluded by March 2024.

The group has conducted an analysis of the sensitivity of the impairment tests performed on all SA Taxi's CGUs, to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is calculated. The change in SA Taxi's business model has had an impact on the headroom in the cash-generating units and any significant continued and further deterioration will be monitored on a going forward basis to determine whether goodwill needs to be impaired. However, as at year end, there was sufficient headroom and a decrease in growth rate would not result in an impairment charge.

Other CGUs have significant headroom available and a decrease in growth rate would not result in an impairment charge.

18 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 substantively 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 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 related to fair value measurement of cash flow hedges, which are charged or credited directly to other comprehensive income, is also credited or charged directly to other comprehensive income and is subsequently recognised in profit or loss together with the deferred gain or loss.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the financial reporting period, to recover or settle the carrying amount of its assets and liabilities.

	Rm	2022 Rm
Deferred tax is presented in the statement of financial position as follows:		
Deferred tax assets	**369**	272
Deferred tax liabilities	**(1 378)**	(1 408)
Net deferred tax liabilities	**(1 009)**	(1 136)
The movements during the year are analysed as follows:		
Balance at the beginning of the year	**(1 136)**	(1 086)
Recognised in the income statement for the year	**120**	(116)
Recognised in equity for the year	**15**	14
Business combinations	**(10)**	(12)
Prior year adjustment	**1**	62
Translation of foreign operations	**1**	2
Net deferred tax liabilities at the end of the year	**(1 009)**	(1 136)

An amount of R918 million (2022: Rnil) related to provisions has not been recognised as deferred tax assets during the year due to probable taxable profit limitation.

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. This assessment is performed by comparing budgeted taxable earnings to the deferred tax asset. The assessments are performed on a continuous basis and if required the deferred tax is impaired.

18 Deferred tax continued

	Opening balance Rm	Charged to income statement (excluding tax rate adjustment) Rm	Charged to equity Rm	Business combinations Rm	Prior year adjustment Rm	Effect of foreign currency exchange differences Rm	Closing balance Rm
2023							
Temporary difference							
Assessed loss unutilised	855	65	–	–	1	–	921
Provision for impairment of loans and advances	–	3	–	–	–	–	3
Prepayments	(124)	5	–	–	1	–	(118)
Creditor provisions	34	32	–	2	–	–	68
Property and equipment	(41)	5	–	–	24	–	(12)
Intangible assets	(761)	(8)	–	(26)	(3)	–	(798)
Deferred income	3	(3)	–	–	–	–	–
Right of use asset	(10)	(7)	–	–	–	–	(17)
Lease liability	81	(2)	–	–	(24)	–	55
Timing difference of expenditure	12	–	–	–	–	–	12
Purchased book debts	(1 015)	(172)	–	–	–	–	(1 187)
Loans and advances	(140)	24	–	–	–	–	(116)
Conditional share plan	28	(7)	4	–	–	–	25
Insurance provisions	58	57	–	–	–	–	115
Other provisions	44	44	–	14	–	–	102
Other temporary differences	(68)	(36)	–	–	–	–	(104)
Cross-currency swap	8	–	11	–	–	–	19
Interest-bearing liabilities	(30)	6	–	–	–	–	(24)
Undistributed insurance income	(59)	116	–	–	–	–	57
Other	(12)	3	–	–	2	1	(6)
Inventory	–	(14)	–	–	–	–	(14)
Leased assets	1	2	–	–	–	–	3
Shortfall book – held at fair value	–	7	–	–	–	–	7
Total	(1 136)	120	15	(10)	1	1	(1 009)

18 Deferred tax continued

	Opening balance Rm	Charged to income statement Rm	Charged to equity Rm	Business combinations Rm	Prior year adjustment Rm	Effect of foreign currency exchange differences Rm	Closing balance Rm
2022							
Temporary difference							
Assessed loss unutilised	688	142	21	–	4	–	855
Provision for impairment of loans and advances	(7)	7	–	–	–	–	–
Prepayments	(98)	(26)	–	–	–	–	(124)
Creditor provisions	68	(34)	–	–	–	–	34
Property and equipment	(40)	1	–	–	–	(2)	(41)
Intangible assets	(792)	31	–	–	–	–	(761)
Deferred income	4	(1)	–	–	–	–	3
Right of use asset	18	(30)	–	–	–	2	(10)
Lease liability	59	22	–	–	–	–	81
Timing difference of expenditure	10	2	–	–	–	–	12
Purchased book debts	(790)	(225)	–	–	–	–	(1 015)
Loans and advances	(116)	(24)	–	–	–	–	(140)
Conditional share plan	28	11	(11)	–	–	–	28
Insurance provisions	47	11	–	–	–	–	58
Other provisions	8	34	–	–	–	2	44
Other temporary differences	(30)	(24)	(2)	(12)	–	–	(68)
Cross-currency swap	2	–	6	–	–	–	8
Interest-bearing liabilities	(36)	6	–	–	–	–	(30)
Undistributed insurance income	(92)	(25)	–	–	58	–	(59)
Other	(17)	5	–	–	–	–	(12)
Leased assets	–	1	–	–	–	–	1
Total	(1 086)	(116)	14	(12)	62	2	(1 136)

19 Discontinued operations and non-current assets held for sale

Assets and liabilities classified as held for sale on the statement of financial position are made up as follows:

	2023 Rm	2022 Rm
Assets classified as held for sale are made up as follows:		
Discontinued operation relating to TCBS (refer to 19.1)	**20**	55
Non-current asset classified as held for sale (refer to 19.2.1)	**99**	–
Non-current asset classified as held for sale (refer to 19.2)	**–**	316
Total assets classified as held for sale	**119**	371
Liabilities classified as held for sale are made up as follows:		
Discontinued operation relating to TCBS (refer to 19.1.1)	**5**	21
Total liabilities classified as held for sale	**5**	21

19.1 Discontinued operations

Cognisant of the higher risk in the small and medium-sized enterprises (SME) sector, Transaction Capital Business Solutions (Pty) Ltd (TCBS) has proactively curbed gross loans and advances growth to this sector. During the 2020 financial year, the group took the decision to significantly reduce this exposure. The group was of the view that the capital allocated towards TCBS could be applied to achieve better risk-adjusted returns. TCBS is accounted for as a discontinued operation as its business and assets are available for sale. For the current year, the group continued to implement various disposal strategies, with some loans sold during the year.

The discontinued operation is included in the Nutun reportable segment in terms of IFRS 8: Operating Segments. The results of discontinued operations, which have been included in the profit for the year and the cash flow information are as per table below:

	2023 Rm	2022 Rm
Risk-adjusted net interest income	**(7)**	(3)
Operating costs	**(2)**	(3)
Loss before tax	**(9)**	(6)
Income tax benefit/(expense)	**–**	(27)
Loss for the period from discontinued operations	**(9)**	(33)

The major classes of assets and liabilities comprising the discontinued operations classified as held for sale are as follows:

	2023 Rm	2022 Rm
Cash and cash equivalents	**1**	3
Loans and advances	**19**	36
Intangible assets	**–**	1
Deferred tax assets	**–**	15
Total assets classified as held for sale	**20**	55
Trade and other payables	**5**	6
Deferred tax liabilities	**–**	15
Total liabilities associated with assets classified as held for sale	**5**	21
Net assets of disposal group	**15**	34

19 Discontinued operations and non-current assets held for sale continued

19.2 Non current asset held for sale

19.2.1 Investment in Troy

During the current year the group classified its investments in Troy GmbH as held for sale. The investments consist of an ordinary shareholding with a carrying amount of R49.9 million (2022: R44 million) and a convertible loan with a carrying amount of R48.8 million (2022: R40.5 million). The loan bears interest at 5% per annum and is repayable on 31 December 2023 if not converted into equity of Troy GmbH. The decision to dispose of the investment is consistent with the group's strategy to unlock capital for strategic growth. The sale is expected to be completed within 12 months after September 2023.

19.2.2 Nutun Australia purchased book debts

During the prior financial year, the board agreed to dispose of the purchased book debt portfolio within Nutun Australia. The disposal was concluded in October 2022 for a consideration of R315 million. The disposal of this non-current asset was consistent with the group's long-term policy to ensure strategic growth of asset light revenue streams within the Nutun Australia's operations.

20 Trade and other payables

	2023 Rm	2022 Restated* Rm
Trade payables and accruals	**994**	799
Contingent consideration from business combination (refer to note 20.1)	**457**	272
Revenue received in advance	**51**	54
Bonus accrual	**215**	169
Leave pay accrual*	**131**	99
Forward flow obligation**	**72**	78
VAT payable	**70**	91
Other	**30**	43
Trade and other payables	**2 020**	1 605

* *To enhance disclosure, leave pay accrual has been reclassified from provisions to trade and other payable.*

** *This is the obligation to deliver salvage taxis in terms of the forward flow agreement entered into as part of the transaction to acquire 40% investment in GoBid. The obligation is measured as the best estimate of the remaining forward flow liability required to settle the obligation, which is the present value of salvage taxis to be delivered to GoBid by the group over the forward flow period to meet the minimum turnover amount.*

20.1 Contingent consideration

	2023 Rm	2022 Restated* Rm
Opening balance	**272**	166
Recognised through business combinations	**388**	153
Acquisition of additional interest in a subsidiary	**45**	–
Re-measurement through profit and loss	**24**	(45)
Settlement of contingent consideration	**(272)**	(2)
Total contingent consideration	**457**	272

The contingent consideration balance relates to the following acquisitions:

	2023 Rm	2022 Rm
WBC group	**–**	118
Prushka debt recovery	**–**	3
Synergy	**69**	151
Milton Graham	**388**	–
Total contingent consideration	**457**	272

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 group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21 Provisions

	Sundry provision* Rm	Total Rm
Balance at 30 September 2022	**32**	32
Additional provision recognised	**2**	2
Utilisation of provision	**(28)**	(28)
Balance at 30 September 2023	**6**	6

* *The sundry provision relates to a provision raised for compliance costs and employee related costs raised as part of the business combinations in line with IFRS 3. The opening balance relates to provisions raised in the prior year for the Prushka acquisition which have been fully utilised in the current year.*

22 Insurance contracts

22.1 Classification of insurance contracts

The group issues insurance contracts in the normal course of business, under which it accepts insurance risk from its policyholders. The following types of contracts are accounted for in accordance with IFRS 17:

- Insurance contracts are issued through SA Taxi and are accounted for in accordance with IFRS 17.
- In-substance reinsurance contracts are issued through WeBuyCars.

Insurance contracts may be issued by the group, or they may be acquired in a business combination or in a transfer of contracts that do not constitute a business. All references in these accounting policies to 'insurance contracts' include contracts issued, initiated or acquired by the group (including in-substance re-insurance contracts issued), unless otherwise stated.

22.2 Combining a set or series of contracts

Where the group has entered into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect, the group accounts for such a set of contracts as a single insurance contract when this reflects the substance of the contracts. When making this assessment, the group considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually.
- The group is unable to measure one contract without considering the other.

22.3 Separating components from insurance contracts

The group assessed the group of contracts as per the requirements of paragraph 11 and 12 of IFRS 17 and did not identify any embedded derivatives or distinct investment components that needed to be separated.

After separating any financial instrument components, the group separates any promises to transfer distinct goods or non-insurance services to policyholders and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the group provides a significant service of integrating the good or service with the insurance component.

22.3.1 Level of aggregation

Where characteristics of onerous contracts are identified, these contracts are separated out of the group of contracts and measured separately according to the fulfilment cash flow model.

22 Insurance contracts continued

22.4 Recognition of insurance contracts

The group recognises a group of insurance contracts issued from the earliest of the following:

- The beginning of the coverage period of the group of contracts. The coverage period is the period during which the group provides coverage for insured events in respect of all premiums within the boundary of an insurance contract;
  - The date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder; and
  - The date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

Subsequently, new contracts are added to the group when they are issued or initiated, provided that all contracts in the group are issued or initiated in the same year.

22.4.1 Onerous groups of contracts

The group considers various facts and circumstances to identify if a group of contracts is onerous taking into account the probability of all claim types in the future. An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract and any cash flows arising from the contract at the date of initial recognition in total are a net cash outflow. Facts and circumstances which have identified onerous groups of contracts, with respect to the financed portfolio within SA Taxi, include both a higher probability weighted expectation of an AVCS claim (driven by probability of repossession) and repair probability, or for the purposes of comparative periods, with respect to the credit life portfolio, based on the age of the insured being 55 years or older. In the prior financial year, the credit life portfolio was repriced resulting in the fulfilment cash flows allocated to the contract boundary being a net cash inflow, resulting in this portfolio no longer being onerous.

Onerous contracts are measured according to the fulfilment cash flow model.

22.4.2 Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the group can compel the policyholder to pay premiums or has a substantive obligation to provide services. A substantive obligation to provide services ends when:

- The group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- The group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The contract boundary for groups of contracts is reassessed at each reporting date and, therefore, may change over time.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

22.5 Measurement of insurance contracts

22.5.1 Measurement – contracts measured under the premium allocation approach (PAA)

Where material insurance acquisition cash flows are incurred, these costs are expensed as incurred in accordance with the guidance contained in IFRS 17 paragraph 59(a).

The group measures the carrying amount of a group of insurance contracts at each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and (ii) the liability for incurred claims for the group comprising the fulfilment cash flows related to past service allocated to the group at that date.

22.5.2 Initial recognition

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. As premiums are not received upfront, there is no liability for remaining coverage for the portfolios (other than those identified as onerous).

The liability for incurred claims is the group's obligation to investigate and pay valid claims for insured events that have already incurred, including events that have occurred but for which claims have not been reported.

22 Insurance contracts continued

22.5 Measurement of insurance contracts continued

22.5.3 Subsequent measurement

The group recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The group has chosen to adjust the liability for incurred claims to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the group recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk. The group's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort.

The group estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability weighted and discounted using current assumptions.

When estimating future cash flows, the group includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows;
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims;
- Net salvage recovery cash flows (after estimated repair costs expected to be incurred, where applicable);
- Claims handling costs;
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries;
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts; and
- Transaction based taxes.

The group also incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The group estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders;
- Other information about known or estimated characteristics of the insurance contracts;
- Historical data about the group's own experience, supplemented when necessary with data from other sources. Historical data is adjusted to reflect current conditions; and
- Current and most recent forecast pricing information.

For groups of contracts assessed as onerous, the group has recognised a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the contractual service margin ('CSM') of the group being zero. A loss component has been established by the group for the liability for remaining coverage for an onerous group depicting the losses recognised.

22.5.4 De-recognition and contract modification

The group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

22 Insurance contract continued

22.6 Presentation of insurance contacts

Groups of insurance contracts that are liabilities are presented separately in the statement of financial position and shown as part of insurance contract liabilities.

The group disaggregates amounts recognised in the statement of profit or loss and OCI into (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

The group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result. Insurance revenue is measured as the sum of all the expected premium receipts for providing coverage in the period.

22.6.1 Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the effects of the time value of money, financial risk and changes therein.

The group presents insurance finance income and expenses for all other contracts in profit or loss.

22.6.2 Onerous contracts – loss components

For contracts not measured under the PAA, the group establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from insurance revenue when they occur. When the fulfilment cash flows occur, that are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each period (or on initial recognition if a group of contracts is initially recognised in the period).

Changes in estimates of cash flows relating to future services are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new contractual service margin for the group of contracts.

22.7 Insurance contract assets

Reinsurance contracts assets comprise:

	2023 Rm	2022 Rm
In-substance contract assets	**44**	–
Total reinsurance contract assets	**44**	–

22 Insurance contract continued

22.7 Reinsurance contract assets continued

22.7.1 Reconciliation of the net carrying amounts of reinsurance contract assets

The following reconciliations indicate how the net carrying amounts of reinsurance contract assets changed during the year as a result of cash flows and the amounts recognised in the income statement.

	2023				
			Liabilities for incurred claims		
	Investment assets in the cell captive Rm	Liabilities for remaining coverage Rm	Present value of cash flows Rm	Risk adjustment Rm	Total Rm
Insurance contract asset at the beginning of the year	177	(179)	3	–	1
Insurance revenue	–	179	–	–	179
Insurance service expenses	–	–	(101)	–	(101)
Incurred claims and other expenses	–	–	(101)	<1	(101)
Losses on onerous contracts and reversals of those losses	–	–	–	–	–
Net income from insurance contracts held	–	179	(101)	–	78
Net insurance finance expenses	17	(30)	–	–	(13)
Total changes in the statement of profit or loss	17	149	(101)	–	65
Dividend payment	(22)	–	–	–	(22)
Investment assets	125	–	–	–	125
Premium received	–	(226)	–	–	(226)
Claims and other expenses paid	–	–	101	–	101
Total cash flows	103	(226)	101	–	(22)
Insurance contract assets at the end of the year	297	(256)	3	–	44

22.8 Insurance contract liabilities

Insurance contracts liabilities comprise:

	2023 Rm	2022 Restated Rm
Short-term motor comprehensive policy – financed portfolio*	936	152
Credit life portfolio**	39	10
Short-term motor comprehensive policy – non financed portfolio	19	18
Total insurance contract liabilities* **	994	180
Insurance contracts are presented as follows:		
Benefits ceded on insurance contracts relating to inventories	39	31
Benefits ceded on insurance contracts relating to loans and advances	798	10
Benefits accruing to insurance contract holders	157	139
Total insurance contract liabilities* **	994	180

* *The significant increase in these liabilities in the current year is due to the impact of the AVCS cover in place which was implemented at the end of the previous financial year. Given the lower level of repossessed vehicles we intend to refurbish and refinance going forward, this has had a significant impact on overall recovery values. These remeasurements of reserves has been treated as changes in accounting estimates in accordance with IAS 8.*

** *The increase in insurance contract liabilities is due to the inclusion of credit life IBNR in the reserving methodology.*

*** *The timing and uncertainty of cashflows are affected by the following probabilities: policy lapses; probability of death, probability of repossession and the probability of repair or salvage (given repossession). The motor comprehensive and credit life LRC models continue to calculate the fulfilment cash flows for onerous contracts over their remaining contract boundary up until the date of renewal instead of a rolling 12 month period. This measurement is considered appropriate as it is based on repricing and cancellation strategies of the underlying policies in place at each point and is consistent with that applied in the prior year.*

22 Insurance contracts continued

22.8 Insurance contract liabilities continued

22.8.1 Reconciliation of the net carrying amounts of insurance contract liabilities

The following reconciliations indicate how the net carrying amounts of insurance contracts changed during the year as a result of cash flows and the amounts recognised in the income statement.

22.8.1.1 Short-term motor comprehensive policy – Financed Portfolio

Analysis by remaining coverage and incurred claims

The roll-forward of liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below:

	2023					2022				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component Rm	Loss component Rm	Present value of cash flows Rm	Risk adjustment Rm	Total Rm	Excluding loss component Rm	Loss component Rm	Present value of cash flows Rm	Risk adjustment Rm	Total Rm
Insurance contract liabilities – at the beginning of the year	**–**	**58**	**90**	**4**	**152**	–	131	86	5	222
Insurance revenue	**(704)**	**–**	**–**	**–**	**(704)**	(713)	–	–	–	(713)
Insurance service expenses	**215**	**316**	**738**	**–**	**1 269**	215	(74)	261	–	402
Incurred claims and other expenses*	**215**	**(359)**	**738**	**–**	**594**	215	(64)	261	–	412
Losses on onerous contracts and reversals of those losses**	**–**	**675**	**–**	**–**	**675**	–	(10)	–	–	(10)
Changes to liabilities for incurred claims	**–**	**–**	**24**	**–**	**24**	–	–	25	(1)	24
Insurance service result	**(489)**	**316**	**762**	**–**	**589**	(498)	(74)	286	(1)	(287)
Insurance finance expenses	**–**	**(13)**	**(1)**	**–**	**(14)**	–	1	(1)	–	–
Total changes in the statement of profit or loss	**(489)**	**303**	**761**	**–**	**575**	(498)	(73)	285	(1)	(287)
Cash flows										
Premium received	**704**	**–**	**–**	**–**	**704**	713	–	–	–	713
Claims and other expenses paid	**(215)**	**–**	**(280)**	**–**	**(495)**	(215)	–	(281)	–	(496)
Total cash flows	**489**	**–**	**(280)**	**–**	**209**	498	–	(281)	–	217
Insurance contract liabilities at the end of the year	**–**	**361**	**571**	**4**	**936**	–	58	90	4	152

* *Incurred claims and other expenses on onerous contracts (loss component) recognised in the income statement of R359 million (2022: R64 million) is reflected in note 30 (R335 million (2022: R43 million) and note 32.2 (R19 million (2022: R19 million)).*

** *Losses on onerous contracts (loss component) recognised in the income statement of R675 million (2022: R10 million) is reflected in note 30 (R646 million (2022: R15 million)) and note 32.2 (R29 million (2022: -R5 million)).*

22 Insurance contracts continued

22.8 Insurance contract liabilities continued

22.8.1 Reconciliation of the net carrying amounts of insurance contract liabilities continued

22.8.1.2 Credit life portfolio

Analysis by remaining coverage and incurred claims

The roll-forward of liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below:

	2023					2022				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component Rm	Loss component Rm	Present value of cash flows Rm	Risk adjustment Rm	Total Rm	Excluding loss component Rm	Loss component Rm	Present value of cash flows Rm	Risk adjustment Rm	Total Rm
Insurance contract liabilities at the beginning of the year	–	–	10	–	10	–	2	29	–	31
Insurance revenue	(242)	–	–	–	(242)	(262)	–	–	–	(262)
Insurance service expenses	41	–	128	–	169	32	(2)	124	–	154
Incurred claims and other expenses	41	–	128	–	169	32	–	124	–	156
Losses on onerous contracts and reversals of those losses	–	–	–	–	–	–	(2)	–	–	(2)
Changes to liabilities for incurred claims	–	–	(1)	–	(1)	–	–	(17)	–	(17)
Insurance service result	(201)	–	127	–	(74)	(230)	(2)	107	–	(125)
Total changes in the statement of profit or loss	(201)	–	127	–	(74)	(230)	(2)	107	–	(125)
Premium received	242	–	–	–	242	262	–	–	–	262
Claims and other expenses paid	(41)	–	(98)	–	(139)	(32)	–	(126)	–	(158)
Total cash flows	201	–	(98)	–	103	230	–	(126)	–	104
Insurance contract liabilities at the end of the year	–	–	39	–	39	–	–	10	–	10

22 Insurance contracts continued

22.8 Insurance contract liabilities continued

22.8.1 Reconciliation of the net carrying amounts of insurance contract liabilities continued

22.8.1.3 Short-term motor comprehensive policy – Non Financed Portfolio

Analysis by remaining coverage and incurred claims

The roll-forward of liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below:

	2023					2022				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component Rm	Loss component Rm	Present value of cash flows Rm	Risk adjustment Rm	Total Rm	Excluding loss component Rm	Loss component Rm	Present value of cash flows Rm	Risk adjustment Rm	Total Rm
Insurance contract liabilities – at the beginning of the year	–	–	18	–	18	–	–	18	–	18
Insurance revenue	(150)	–	–	–	(150)	(160)	–	–	–	(160)
Insurance service expenses	37	–	62	–	99	9	–	79	–	88
Incurred claims and other expenses	37	–	62	–	99	9	–	79	–	88
Changes to liabilities for incurred claims	–	–	6	–	6	–	–	6	–	6
Insurance service result	(113)	–	68	–	(45)	(151)	–	85	–	(66)
Insurance finance expenses	–	–	1	–	1	–	–	–	–	–
Total changes in the statement of profit or loss	(113)	–	69	–	(44)	(151)	–	85	–	(66)
Premium received	150	–	–	–	150	160	–	–	–	160
Claims and other expenses paid	(37)	–	(68)	–	(105)	(9)	–	(85)	–	(94)
Total cash flows	113	–	(68)	–	45	151	–	(85)	–	66
Insurance contract liabilities at the end of the year	–	–	19	–	19	–	–	18	–	18

22 Insurance contracts continued

22.8 Insurance contract liabilities continued

22.8.1 Reconciliation of the net carrying amounts of insurance contract liabilities continued

22.8.1.4 Other Portfolio

Analysis by remaining coverage and incurred claims

The roll-forward of liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below:

	2023					2022				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component Rm	Loss component Rm	Present value of cash flows Rm	Risk adjustment Rm	Total Rm	Excluding loss component Rm	Loss component Rm	Present value of cash flows Rm	Risk adjustment Rm	Total Rm
Insurance contract liabilities at the beginning of the year										
Insurance revenue	(5)	–	–	–	(5)	(8)	–	–	–	(8)
Insurance service expenses	2	–	2	–	4	(1)	–	5	–	4
Incurred claims and other expenses	2	–	2	–	4	(1)	–	5	–	4
Insurance service result	(3)	–	2	–	(1)	(9)	–	5	–	(4)
Total changes in the statement of profit or loss	(3)	–	2	–	(1)	(9)	–	5	–	(4)
Premium received	5	–	–	–	5	8	–	–	–	8
Claims and other expenses paid	(2)	–	(2)	–	(4)	1	–	(5)	–	(4)
Total cash flows	3	–	(2)	–	1	9	–	(5)	–	4

23 Interest-bearing liabilities

		2023 Rm	2022 Reclassified* Rm
Type of loan			
Securitisation notes, debentures and loans*	23.1	**5 996**	6 402
Loans*	23.1	**19 397**	15 460
Total interest-bearing liabilities		**25 393**	21 862
Classes of interest-bearing liabilities			
Senior debt	23.1	**24 148**	20 762
Subordinated debt	23.1	**1 245**	1 100
Total interest-bearing liabilities		**25 393**	21 862
Maturity profile			
Payable within 12 months		**8 781**	8 433
Payable thereafter		**16 612**	13 429
Total interest-bearing liabilities		**25 393**	21 862

* *The comparative amounts have been reclassified by R454 million for Notes that were previously included as part of loans to enhance the disclosure.*

The group obtained funding from a government institution at below market interest rates and has applied IAS 20 recognition principles relating to Government Grants for the difference between the funding received and the fair value of the loan based on market interest rates. As a result, has recognised a benefit of R9.1 million (2022: R9.9 million) to funding costs as a result of this grant for the year, with a cumulative gain recognised of R6.7 million (2022: R15.7 million).

For further updates on the management of liquidity risk and adherence to covenants as at 30 September 2023 – refer to note 44.3.

The group through SA Taxi is in the process of renegotiating the debt structure with the funders. The full debt restructure plan is envisaged to:

- Limit any reliance on external/new equity or debt capital over the medium term;
- Re-profile debt in various entities to ensure alignment between cash collection and debt repayment;
- Convert selected fixed amortisation structures into securitisation like structures – where debt repayment will be done on the basis of cash collected in the structure (through a priority of payments) rather than a fixed amortisation schedule;
- Re-profile the Mezzanine debt across the group; and
- Result in the potential re-structure of the SA Taxi group of companies.

Refer to note 48 for further details regarding the debt restructuring plan and process.

23 Interest-bearing liabilities continued

Restrictive funding arrangements

During the current and prior year, the group was party to the following restrictive funding arrangements as defined by the JSE listing requirements.

2023

Lender	Borrower	Maturity date	Rm	Restrictive conditions
Ninety One Proprietary Limited	SA Taxi Development Finance Proprietary Limited	13/11/2023	**145**	The borrower may not enter into certain corporate actions, activities and/or events without prior written consent of the lender; and – Early settlement of the loan is not permissible. The group is currently negotiating a debt restructuring and this funding is expected to be reprofiled.
Ninety One Proprietary Limited	SA Taxi Development Finance Proprietary Limited	16/09/2024	**65**	The borrower may not enter into certain corporate actions, activities and/or events without prior written consent of the lender; and – Early settlement of the loan is not permissible.
Ninety One Proprietary Limited	SA Taxi Development Finance Proprietary Limited	15/06/2026	**225**	The borrower may not enter into certain corporate actions, activities and/or events without prior written consent of the lender; and – Early settlement of the loan is not permissible.

2022

Lender	Borrower	Maturity date	Rm	Restrictive conditions
Ninety One Proprietary Limited	SA Taxi Development Finance Proprietary Limited	15/06/2023	145	The borrower may not enter into certain corporate actions, activities and/or events without prior written consent of the lender; and – Early settlement of the loan is not permissible.
Ninety One Proprietary Limited	SA Taxi Development Finance Proprietary Limited	16/09/2024	65	The borrower may not enter into certain corporate actions, activities and/or events without prior written consent of the lender; and – Early settlement of the loan is not permissible.
Ninety One Proprietary Limited	SA Taxi Development Finance Proprietary Limited	15/06/2026	225	The borrower may not enter into certain corporate actions, activities and/or events without prior written consent of the lender; and – Early settlement of the loan is not permissible.

23 Interest-bearing liabilities continued

23.1

Segment	Type of loan	Description	Date issued	Interest rate	Maturity date	Currency	Carrying value Rm
2023							
Notes, securitisation notes and debentures*							
SA Taxi*	Junior	Amortising	28/05/2020	3 Month JIBAR plus 7%	28/05/2025	ZAR	**85**
SA Taxi*	Mezzanine	Amortising	26/05/2021 to 29/11/2021	3 Month JIBAR plus 3.9%	22/06/2026	ZAR	**95**
SA Taxi*	Senior	Amortising	13/03/2019 to 26/05/2021	Fixed rate of 7.61% to 9.225%	15/04/2024 to 22/06/2026	ZAR	**128**
SA Taxi*	Senior	Amortising	13/03/2019 to 20/07/2023	3 Month JIBAR plus 1.43% to 3.8%	15/04/2024 to 14/12/2027	ZAR	**4 441**
SA Taxi*	Senior	Amortising	23/03/2022 to 06/04/2022	Prime plus 0.5%	14/12/2027	ZAR	**143**
Nutun**	Notes	Notes	18/11/2022 to 12/07/2023	3 Month JIBAR	31/10/2025 to 31/10/2027	ZAR	**647**
GEO***	Notes	Bullet	15/02/2022	3 Month JIBAR plus 2.89% to 3.39%	17/02/2025 to 15/02/2027	ZAR	**457**
Total							**5 996**

* *Secured by the cession of loans and advances, cash and cash equivalents, trade receivables and inventories.*
** *Secured by the cession of purchased book debts, cash and cash equivalents and the group's 75% shareholding in Synergy Contact Centre (Pty) Ltd have been ceded as securities for the loans.*
*** *Secured by the cession of cash and cash equivalents.*

23 Interest-bearing liabilities continued

23.1

Segment	Type of loan	Description	Date issued	Interest rate	Maturity date	Currency	Carrying value Rm
2023							
Loans*							
SA Taxi*	Mezzanine	Bullet	20/02/2018 to 23/08/2022	3 Month JIBAR plus 4.75% to 6.5%	30/11/2023 to 16/08/2027	ZAR	**840**
SA Taxi*	Senior	Amortising	26/09/2019	Fixed rate of 11.5%	30/11/2023	ZAR	**11**
SA Taxi*	Senior	Amortising	26/07/2017 to 16/02/2023	3 Month JIBAR plus 3.53% to 6.827%	15/05/2024 to 15/11/2029	USD	**4 147**
SA Taxi*	Senior	Amortising	17/11/2017 to 27/02/2023	3 Month JIBAR plus 2.25% to 5.01%	30/11/2023 to 16/03/2028	ZAR	**2 449**
SA Taxi*	Senior	Amortising	28/03/2018 to 13/01/2022	Prime Plus 0.25% to 1%	30/11/2023 to 15/12/2026	ZAR	**16**
SA Taxi*	Senior	Bullet	12/03/2018 to 02/02/2023	3 Month JIBAR plus 3.65% to 5.4%	30/11/2023 to 02/02/2028	ZAR	**1 161**
SA Taxi*	Senior	Bullet	09/11/2022	Prime plus 1%	15/11/2027	ZAR	**1**
SA Taxi*	Senior	Revolving Facility	14/11/2022 to 10/02/2023	Prime less 0.6% – plus 0.45%	10/05/2024 to 28/01/2026	ZAR	**3 307**
Nutun**	Senior	Bullet	30/12/2022	3 Month AUD BLR	30/12/2025	AUD	**613**
Nutun**	Senior	Bullet	19/12/2019 to 31/07/2023	3 Month JIBAR plus 2.8% to 4.5%	28/03/2024 to 30/06/2028	ZAR	**931**
Nutun**	Senior	Amortising	30/05/2019 to 05/12/2022	3 Month JIBAR plus 2.85% to 5.25%	30/05/2024 to 31/12/2027	ZAR	**810**
Nutun**	Senior	Amortising	31/03/2021 to 17/08/2021	Fixed	30/09/2024 to 30/09/2026	ZAR	**286**
Nutun**	Senior	Revolving Facility	28/05/2021 to 30/06/2023	Prime plus 0.45% to 0.85%	22/04/2024 to 30/06/2026	ZAR	**1 065**
Nutun**	Senior	Revolving Facility	23/06/2022	3 Month JIBAR plus 4.75%	03/04/2027	ZAR	**99**
Nutun**	Subordinated	Bullet	25/03/2022 to 24/10/2022	3 Month JIBAR plus 4.5% to 5%	30/09/2025 to 30/09/2027	ZAR	**225**
GEO***	Senior	Revolving facility	10/12/2020	Prime plus 1.2%	02/12/2024	ZAR	**1 101**
GEO***	Senior	Revolving facility	09/09/2022	82.5% of Prime	09/09/2027	ZAR	**489**
WBC****	Senior	Revolving Facility	16/03/2023 to 31/05/2023	JIBAR plus 2.20% – 2.24%	15/03/2024 to 30/05/2024	ZAR	**426**
WBC****	Senior	Revolving Facility	06/04/2023 to 06/09/2023	Prime less 1.25% – 1.35%	06/09/2024 to 05/04/2024	ZAR	**255**
WBC****	Senior	Amortising	06/12/2018 to 15/12/2021	Prime less 0.5%	30/11/2023 to 15/12/2027	ZAR	**497**
WBC****	Senior	Amortising	03/12/2021 to 15/21/2021	1 Month JIBAR plus 2.95%	14/12/2026 to 14/06/2027	ZAR	**203**
Gomo*****	Senior	Amortising	07/04/2022 to 07/11/2022	1 Month JIBAR plus 2.28%	07/11/2023 to 07/06/2028	ZAR	**465**
Total							**19 397**
Total interest-bearing liabilities							**25 393**

* Secured by the cession of loans and advances, cash and cash equivalents, trade receivables and inventories.
** Secured by the cession of purchased book debts, cash and cash equivalents and the group's 75% shareholding in Synergy Contact Centre (Pty) Ltd have been ceded as securities for the loans.
*** Secured by the cession of cash and cash equivalents.
**** Secured by the cession of mortgage facilities.
***** The loan facility is not secured.

Refer to note 44.3 for the disclosure with regards to adherence to covenants.

All USD denominated loans have been hedged. Refer to note 44.8.

All loans per note 23.1 are subordinated debt and senior loans.

23 Interest-bearing liabilities continued
23.1 Interest-bearing liabilities

23.1

Segment	Type of loan	Description	Date issued	Interest rate	Maturity date	Currency	Carrying value Rm
2022							
Securitisation notes, debentures and loans*							
SA Taxi*	Junior	Amortising	28/05/2020	3 Month JIBAR plus 7%	28/05/2025	ZAR	**85**
SA Taxi*	Mezzanine	Amortising	26/05/2021 to 29/11/2021	3 Month JIBAR plus 3.9%	22/06/2026	ZAR	**95**
SA Taxi*	Senior	Amortising	06/06/2018 to 26/05/2021	Fixed rate of 7.61% to 9.225%	14/11/2022 to 22/06/2026	ZAR	**193**
SA Taxi*	Senior	Amortising	08/11/2017 to 14/09/2022	3 Month JIBAR plus 1.43% to 3.8%	14/11/2022 to 24/06/2031	ZAR	**5 321**
SA Taxi*	Senior	Amortising	23/03/2022 to 06/04/2022	Prime plus 0.5%	23/03/2027	ZAR	**169**
SA Taxi*	Senior	Amortising	13/12/2021	3 Month JIBAR plus 3.25%	10/12/2026	ZAR	**85**
GEO**	Notes**	Bullet	15/02/2022	3 Month JIBAR plus 2.89% to 3.39%	17/02/2025 to 15/02/2027	ZAR	**454**
Total (reclassified)* **							**6 402**

* *Secured by the cession of loans and advances, cash and cash equivalents, trade receivables and inventories.*
** *Secured by the cession of cash and cash equivalents*
*** *To enhance disclosure, these notes have been reclassified to Notes, previously they were presented under loans.*

23 Interest-bearing liabilities continued

23.1

Segment	Type of loan	Description	Date issued	Interest rate	Maturity date	Currency	Carrying value Rm
2022							
Loans*							
SA Taxi*	Mezzanine	Bullet	20/02/2018 to 23/08/2022	3 Month JIBAR plus 4.75% to 6.5%	15/06/2023 to 16/08/2027	ZAR	**770**
SA Taxi*	Senior	Amortising	26/09/2019 to 06/04/2022	Fixed rate of 11.5%	06/04/2023 to 26/09/2023	ZAR	**43**
SA Taxi*	Senior	Amortising	26/07/2017 to 15/09/2022	3 Month JIBAR plus 3.53% to 6.827%	26/04/2023 to 15/11/2029	USD	**2 658**
SA Taxi*	Senior	Amortising	27/07/2017 to 10/08/2022	3 Month JIBAR plus 3.32% to 5.01%	15/12/2022 to 20/06/2031	ZAR	**2 353**
SA Taxi*	Senior	Amortising	28/03/2018 to 13/01/2022	Prime Plus 0.25% to 1%	15/03/2023 to 15/12/2026	ZAR	**27**
SA Taxi*	Senior	Bullet	12/03/2018 to 10/06/2022	3 Month JIBAR plus 3.65% to 5.4%	24/10/2022 to 15/12/2027	ZAR	**1 152**
SA Taxi*	Senior	Revolving Facility	21/03/2022	3 Month JIBAR plus 2.25%	13/03/2023	ZAR	**195**
SA Taxi*	Senior	Revolving Facility	18/11/2019 to 26/11/2021	Prime less 0.2% – plus 0.2%	14/11/2022 to 24/02/2024	ZAR	**2 214**
Nutun**	Senior	Bullet	03/09/2021	3 Month AUD BLR plus 1.95%	31/07/2024	AUD	**206**
Nutun**	Senior	Amortising	31/03/2021 to 17/08/2021	Fixed rate 8.13% to 8.8%	30/09/2024 to 30/09/2026	ZAR	**435**
Nutun**	Senior	Revolving facility	28/05/2021 to 30/05/2022	Prime less 0.45% – less 0.85%	22/04/2024 to 29/05/2025	ZAR	**695**
Nutun**	Senior	Revolving facility	23/06/2022	3 Month JIBAR plus 4.75%	03/04/2027	ZAR	**100**
Nutun**	Senior	Amortising	30/05/2019 to 16/05/2022	3 Month JIBAR plus 3.5%	30/05/2024 to 31/03/2027	ZAR	**674**
Nutun**	Senior	Bullet	30/05/2019 to 30/05/2022	3 Month JIBAR plus 2.8% to 3.8%	30/12/2022 to 31/03/2027	ZAR	**636**
Nutun**	Mezzanine	Amortising	25/03/2022 to 16/09/2022	3 Month JIBAR plus 5%	31/03/2022 to 30/09/2027	ZAR	**150**
GEO***	Senior	Revolving facility	03/12/2021	Prime plus 1.2%	02/12/2024	ZAR	**1 098**
GEO***	Senior	Revolving facility	09/09/2022	82.5% of Prime	09/09/2027	ZAR	**340**
WBC****	Senior	Revolving Facility	15/03/2022 to 06/09/20212	Prime less 1.15%	14/03/2023 to 05/09/2023	ZAR	**704**
WBC****	Senior	Amortising	06/12/2018 to 25/03/2022	Prime less 0.5%	26/03/2023 to 15/12/2027	ZAR	**787**
Gomo*****	Senior	Amortising	07/04/2022	1 Month JIBAR plus 2.28%	07/11/2022	ZAR	**187**
Gomo*****	Senior	Amortising	02/03/2022	1 Month JIBAR plus 1.30%	07/09/2027	ZAR	**36**
Total (reclassified)^							**15 460**
Total interest-bearing liabilities							**21 862**

* *Secured by the cession of loans and advances, cash and cash equivalents, trade receivables and inventories.*

** *Secured by the cession of purchased book debts, cash and cash equivalents and the group's 75% shareholding in Synergy Contact Centre (Pty) Ltd have been ceded as securities for the loans.*

*** *Secured by the cession of cash and cash equivalents.*

**** *Secured by the cession of mortgage facilities.*

***** *The loan facility is not secured.*

^ *Notes that were previously disclosed as loans have been reclassified to notes section of this note.*

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

All USD denominated loans have been hedged. Refer to note 44.8.

All loans per note 23.1 are subordinated debt and senior loans.

24 Leases

24.1 The group as lessee

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones and printers). For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

A lease incentive is a payment made by a lessor to a lessee associated with a lease, or the reimbursement or assumption by a lessor of costs of a lessee. Lease incentives received at the commencement of the lease are recognised as an adjustment to the right-of-use asset. When lease incentives are receivable at a later date, they are recognised as a reduction in future lease payments. Lease incentives received during the current financial year include tenant installation allowances on premises and a lessor taking over the group's obligations under the previous lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification;
- the lease term has changed or there is a significant event or change in the circumstances resulting in a change in the assessment of the exercise of a purchase option, in which case the liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- the lease payments change due to changes in an index rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

On the date of the modification, the carrying amount of the finance lease liability is remeasured to reflect the latest assessment of future cash flows using the incremental borrowing rate applicable at the date of the modification over the remaining lease period. A corresponding adjustment is made to the right-of-use asset. To the extent that the right-of-use asset balance is reduced to zero, any additional adjustments are taken to profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as part of property and equipment in the consolidated statement of financial position. The group applies IAS 36- Impairment of Assets to determine whether a right-of-use asset is impaired.

24 Leases continued

24.2 The group as lessor

The group is an intermediate lessor and accounts for the head lease and the sub-lease as two separate components. The sub-lease is classified as a finance lease by reference to the right of use asset arising from the head lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

24.3 Lease liabilities and leased assets

	2023 Rm	2022 Rm
Lease liabilities		
Maturity analysis		
Year 1	**235**	187
Year 2	**183**	191
Year 3	**151**	140
Year 4	**137**	108
Year 5	**88**	97
Onwards	**184**	157
Less: interest not incurred	**(210)**	(165)
Total	**768**	715

The group does not face significant liquidity risk with regard to its lease liabilities.

The group leases several assets including buildings and computer equipment.

Options to extend or terminate leases have only been taken into account where it is probable that the option will be exercised by the lessee. There are no residual value guarantees or material restrictions imposed by any lease agreements.

The weighted average expected remaining lease term for the lease of buildings within the scope of IFRS 16 is 4 years (2022: 5 years).

	2023 Rm	2022 Rm
Lease liabilities		
Maturity analysis		
Year 1	**10**	6
Year 2	**3**	6
Less: unearned interest	**(1)**	(1)
Total	**12**	11

The group is party to a sublease arrangement, which was been accounted for separately as required by IFRS 16. The total cash inflows for sub leases of buildings within the scope of IFRS 16 amount to R8 million (2022: R6 million).

During June 2023 SA Taxi entered into a new sublease related to warehouse rental at its Midrand premises. The sublease has been accounted for separately in accordance with IFRS16 and has resulted in the recognition of the net investment in the sublease of R8 million. The net investment in the sublease represents the present value of future sublease cashflows discounted at an appropriate entity specific discount rate.

24 Leases continued

24.3 Lease liabilities and leased assets continued

	2023 Rm	2022 Rm
Depreciation expense on right-of-use assets	**(137)**	(102)
Interest expense on lease liabilities	**(60)**	(39)
Expense relating to short-term leases*	**(40)**	(45)
Expense relating to leases of low value assets	**(6)**	(3)
Interest income from sub-leasing right-of-use assets	**–**	1
Sub-lease other income recognised**	**13**	7

* *Included in short-term leases expenses are storage costs of R9 million (2022: R10 million) as well as workshop rental costs of R2 million (2022: R13 million). Refer to note 33 of the group consolidated financial statements.*

** *This includes income that was recognised unwinding of the lease upon cancellation together with the recognition of the sublease agreement for the Midrand premises during the current year. Additional income earned from the new sublease earned for the financial year R5 million.*

25 Put option liability

Put options held by non-controlling interests in the group's subsidiaries entitle the non-controlling interest to sell their interest in the subsidiary to the group/group's subsidiaries at values determined as per the option agreements and on contracted dates. The group recognises the value of the non-controlling interest's put option, being the present value of the estimated future purchase prices, as a financial liability in the statement of financial position. At initial recognition, the present value of the future purchase prices is recognised in the put option reserve in equity, with any changes in the value of the estimated future cash flows recognised in the income statement as explained below.

The unwinding of the present value discount on these liabilities is recognised as an imputed interest charge in the income statement using the effective interest rate method. If there is a change in the timing or amount of estimated cash flows, then the amortised cost of the financial liability (or group of financial instruments) is adjusted in the period of change to reflect the actual and revised estimated cash flows. A corresponding income or expense is recognised in profit or loss. At each reporting date, a revised amortised cost of the financial liability is recalculated by discounting the revised estimated future cash flows at the instrument's original effective interest rate.

25.1 Transaction Capital Motor Holdco (Pty) Ltd (TCMH) owns 74.9% shareholding in WBC Holdings (Pty) Ltd (WBC Holdings). The group owns an effective 74.2% shareholding in WBC Holdings as a result of the non-controlling interests in TCMH. On 5 October 2021, TCMH concluded a shareholders agreement with the minority shareholders of WBC Holdings, which includes 3 put options in favour of the minority shareholders, which if exercised could result in TCMH acquiring, in various increments and at various intervals, additional shares in WBC Holdings up to a maximum of 25.1% (being all the shares in WBC Holdings currently held by the minority shareholders) and which, if implemented in full, will result in WBC Holdings becoming a wholly owned subsidiary of TCMH. The group is in the process of negotiating a new agreement with the minority shareholders for the put option of 25.1%. As a result, as per the agreement, the exercise date on 30 September 2023 was extended to 30 November 2023. Th extension does not constitute a modification. The exercise dates for the put options are as follows:

- Within a 30 day period of 30 November 2023, on the effective date of such option, such number of shares in WBC Holdings as will result in the minority shareholder retaining, after implementation of such sale, 17.6% of the shares in WBC Holdings;
- Within a 30 day period of 30 September 2024, on the effective date of such option, such number of shares in WBC Holdings as will result in the minority shareholder retaining, after implementation of such sale, 10.1% of the shares in WBC Holdings; and
- Within a 30 day period of 30 September 2026, on the effective date of such option, all of the shares held by the minority shareholder in WBC Holdings.

The value of the WBC put option liability is calculated by applying a price earnings multiple to the adjusted profits of WBC for the 12 month period ending on 30 September of the year in which the put option is exercised. The discount rate applied to the valuation is 6.9%. A gain of R1 754 million (2022: R568 million) has been recognised in the current year relating to the re-measurement of the liability as a result of a change in the expected cash flows.

25.2 Nutun group, acting in its capacity as general partner of the Synergy Investment Partnerships, currently owns an effective 75% (2022: 65%) shareholding in Nutun CX (SCC) and Synergy Outsource Limited (SOL) respectively. On 28 April 2022, the group concluded a shareholders agreement with the minority shareholders of SCC and SOL, which includes put options in favour of the minority shareholders, which if exercised could result in Nutun CV and Tyco acquiring additional shares in SCC and SOL up to a maximum of 25% (being all the shares in SCC and SOL currently held by minority shareholders) and which, if implemented in full, will result in SCC and SOL becoming wholly owned subsidiaries of the Group. The exercise date for the put options is 28 February 2025. Subsequent to initial recognition, an additional 10% shareholding has been acquired in SCC and SOL.

The value of the Nutun CX put option liability is calculated by applying a price earnings multiple to the profits of Nutun CX for the 12 month period ending on 28 February 2025. A discount rate of 7.1% has been used for the SCC valuation and 4.49% for the SOL valuation.

25 Put option liability continued

	2023			2022		
	Rm WBC	Rm Synergy	Rm Total	Rm WBC	Rm Synergy	Rm Total
25.3 The effect of granting these put options on the group's results is summarised as follows:						
Balance at the beginning of the period	**3 403**	**639**	**4 042**	–	–	–
Put option liability recognised	**–**	**–**	**–**	3 710	597	4 307
Imputed interest charge recognised in the income statement	**236**	**30**	**266**	261	19	280
Re-measurement of put option liability	**(1 754)**	**(39)**	**(1 793)**	(568)	15	(553)
Derecognition of put option to acquire non controlling interest	**–**	**(190)**	**(190)**	–	–	–
Effect of foreign currency exchange difference	**–**	**27**	**27**	–	8	8
Balance at the end of the period	**1 885**	**467**	**2 352**	3 403	639	4 042

26 Ordinary share capital

	2023 Number of shares	2022 Number of shares
Authorised		
Ordinary shares	**1 000 000 000**	1 000 000 000
Issued		
Ordinary share capital	**763 313 142**	757 367 333
Ordinary share capital	**763 313 142**	757 367 333

	2023		2022	
	Number of shares million	Share capital Rm*	Number of shares million	Share capital Rm*
26.1 Reconciliation of ordinary share capital				
Balance at the beginning of the year	**757.4**	**5 179**	708.4	3 464
Shares issued in settlement of the Conditional Share Plan (Note 26.1.1)	**5.9**	**88**	2.4	96
Equity raised through accelerated bookbuild	**–**	**–**	36.1	1 263
Shares issued to subsidiaries	**–**	**–**	10.5	356
Balance at the end of the year	**763.3**	**5 267**	757.4	5 179

* *Net of share issue costs.*

26.1.1 In terms of the specific authority received from shareholders in the adoption of the Transaction Capital Conditional Share Plan, a total of 5 945 809 shares were issued to participants/employees as part of the respective vesting at an average price of R14.94 per share.

Preference share capital

Authorised

10 000 000 cumulative, non-participating, non-convertible preference shares of no par value

Issued

Nil (2022: nil) preference shares

	2023 Rm	2022 Rm
27 Non-controlling interests		
Balance at the beginning of the year	**1 636**	1 402
Dividends paid	**(154)**	(154)
Share of profit for the year	**(411)**	360
Purchase of shares in subsidiaries from non-controlling interests (refer to note 27.1)	**(10)**	–
Issue of shares by subsidiary to non-controlling interests	**–**	1
Business combination	**–**	27
Balance at the end of the year	**1 061**	1 636

27.1 Nutun group acquired an additional 10% of the shareholding in Nutun CX and Synergy Outsourcing Limited (collectively known as the Synergy group) for a purchase consideration of R115 million, with effect from 1 October 2022. Following the transaction, the group owns 75% of Synergy group. R10 million of the purchase consideration was allocated to non-controlling interests, with the balance allocated to retained earnings. The group paid R70 million for the acquisition and recognised contingent consideration of R45 million.

28 Restatements

Net income from purchased book debts

The group previously presented collections from purchased debt books as part of revenue and the related costs were included in cost of revenue. The amount of the change in lifetime expected credit losses was reflected as an amortisation expense also recognised as part of cost of revenue.

During the current year, the group corrected the presentation of net income from purchased debt books to align to the presentation and disclosure requirements in terms of IFRS 9 – Financial Instruments. IFRS 9 requires interest revenue to be calculated and presented in the income statement by applying the credit-adjusted effective interest rate to the amortised cost of the financial assets from initial recognition. At each reporting date, the change in lifetime expected credit losses is recognised as an impairment gain or loss. Costs relating to the generation of collections from purchased book debts, which were previously included in cost of revenue, are now capitalised to the purchase book debts to the extent that they are both directly attributable and incremental, with the balance of only directly attributable costs presented as part of operating costs. In addition, interest expense related to purchased book debts that was previously included as part of finance charges is now presented as part of net income from purchased book debts.

Comparative financial information in the income statement and statement of cash flow has been restated in terms of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. The restatement does not have an impact on the prior year reported profit.

28 Restatements continued

	2022		
Consolidated income statement	**As previously presented Rm**	**Adjustments for net income from purchased book debts Rm**	**Restated Rm**
Gross profit from the provision of services and sale of goods	**4 316**	(1 110)	**3 206**
Revenue	**22 652**	(1 791)	**20 861**
Cost of revenue	**(18 336)**	681	**(17 655)**
Net interest income from provision of financing to customers	**1 635**	–	**1 635**
Interest income, calculated using the effective interest rate method	**2 875**	–	**2 875**
Interest expense	**(1 240)**	–	**(1 240)**
Impairment of loans and advances	**(856)**	–	**(856)**
Risk-adjusted interest income from provision of financing to customers	**779**	–	**779**
Net insurance result	**411**	–	**411**
Insurance revenue	**1 143**	–	**1 143**
Insurance service expense	**(738)**	–	**(738)**
Insurance finance (expense)/income	**6**	–	**6**
Net income from purchased book debts	**–**	1 160	**1 160**
Imputed interest income, calculated using the credit-adjusted effective interest rate	**–**	815	**815**
Interest expense	**–**	(187)	**(187)**
Impairment gain on principal book portfolios	**–**	281	**281**
Fair value movements on other financial assets	**–**	251	**251**
Operating costs	**(3 519)**	(237)	**(3 756)**
Net finance charge – not relating to provision of financing to customers	**(384)**	187	**(197)**
Finance income	**78**	–	**78**
Finance charges	**(462)**	187	**(275)**
Other income	**264**	–	**264**
Equity accounted income	**47**	–	**47**
Operating profit	**1 914**	–	**1 914**
Non-operating profit	**533**		**533**
Profit before tax	**2 447**	–	**2 447**
Income tax expense	**(411)**	–	**(411)**
Profit for the year from continuing operations	**2 036**	–	**2 036**
Discounted operations	**(33)**	–	**(33)**
Profit for the period	2 003	–	2 003

28 Restatements continued

	2022		
Consolidated cash flow statement (extract)	**As previously presented Rm**	**Adjustments for net income from purchased book debts Rm**	**Restated Rm**
Cash flow from operating activities			
Cash generated by operations	**1 967**	(1 700)	**267**
Interest received	**2 252**	–	**2 252**
Interest paid	**(1 688)**	–	**(1 688)**
Income taxes paid	**(351)**	–	**(351)**
Dividends paid	**(630)**	–	**(630)**
Cash flow from operating activities before changes in operating assets and working capital	**1 550**	(1 700)	**(150)**
Increase in operating assets	**(3 278)**	1 700	**(1 578)**
Loans and advances	**(1 842)**	–	**(1 842)**
Decrease in leased assets	**6**	–	**6**
Purchased book debts	**(1 442)**	1 700	**258**
Changes in working capital	**(2 114)**	–	**(2 114)**
Increase in inventory	**(1 752)**	–	**(1 752)**
Increase in trade and other receivables	**(387)**	–	**(387)**
Increase in other loans receivable	**(62)**	–	**(62)**
Increase in trade and other payables	**87**	–	**87**
Net cash utilised by operating activities	**(3 842)**	–	**(3 842)**

29 Interest

	2023 Rm	2022 Restated* Rm
29.1 Net interest income from provision of financing to customers		
Interest income is earned from:		
Loans and advances	**3 180**	2 875
Total interest income	**3 180**	2 875
Interest expenses are paid on:		
Interest-bearing liabilities	**(1 924)**	(1 240)
Total interest expense	**(1 924)**	(1 240)
Interest income, calculated using the effective interest rate method	**3 180**	2 875
Interest expense	**(1 924)**	(1 240)
Net interest income from provision of financing to customers	**1 256**	1 635
29.2 Net interest income from principal book portfolios*		
Interest income is earned from:		
Imputed interest income, calculated using the credit-adjusted effective interest rate**	**778**	815
Total interest income	**778**	815
Interest expenses are paid on:		
Interest-bearing liabilities***	**(329)**	(187)
Total interest expense	**(329)**	(187)
Interest income, calculated using the effective interest rate method	**778**	815
Interest expense	**(329)**	(187)
Net interest income from principal book portfolios	**449**	628
29.3 Net finance charge – not relating to provision of financing to customers		
Finance income is earned from:		
Cash and cash equivalents	**191**	66
Other	**22**	12
Total finance income	**213**	78
Finance charges are paid on:		
Bank overdrafts and other short term-borrowings	**(165)**	(84)
Interest-bearing liabilities***	**(372)**	(144)
Lease liabilities	**(60)**	(39)
Interest on preference share loan	**–**	(7)
Interest on forward flow obligation	**(10)**	–
Other	**(1)**	(1)
Total finance charges	**(608)**	(275)
Finance income	**213**	78
Finance charges	**(608)**	(275)
Net finance charge – not relating to provision of financing to customers	**(395)**	(197)

* *Comparative information has been restated for the presentation of purchased book debts. Refer to note 28 for further information.*

** *The credit adjusted effective interest rate is calculated by applying the credit adjusted effective interest rate determined at the initial recognition of the purchased book debt to the net carrying amount of the portfolio.*

*** *Prior year finance charges of R187 million relating to purchased book debt is now presented in note 29.2 above.*

	2023 Rm	2022 Rm
30 Impairment of loans and advances		
Impairment comprises:		
Movement in provision for impairment*	**(1 321)**	111
Fair value movement of loans and advances: shortfall financed debtors*	**(25)**	–
Fair value movement of loans and advances: entry-level vehicles*	**(15)**	3
Bad debts written off */**	**(1 749)**	(961)
Bad debts recovered	**5**	6
Impairment	**(3 105)**	(841)
Losses on onerous contracts and reversals of these losses	**(646)**	(15)
Total impairment	**(3 751)**	(856)

* *Refer note 44 for further detail on the impairment of loans and advances. The impairment loss includes adjustments relating to the remeasurement of forward-looking provisions of R1.6 billion, and NRV adjustments to stock and parts of R1.0 billion. These remeasurements of reserves have been treated as changes in accounting estimates in accordance with IAS 8.*

** *Includes the utilization of IFRS 17 insurance contract liabilities amounting to R336 million (2022: R43 million) and net modification losses of R14.2 million (2022: R2.5 million) due to interest rate concessions.*

31 Revenue recognition

31.1 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 invoiced sales in respect of the sale of goods; insurance income, fees for rendering of services to customers; and finance charges on loans and suspensive sale credit agreements.

The policy for the recognition of revenue accounted for under IFRS 9 as interest income on loans and suspensive sale credit agreements, as well as purchased credit-impaired loan portfolios, is described note 44.

Interest revenue is disclosed in note 29.

31 Revenue recognition continued

31.2 Sale of goods and rendering of services

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

The group derives revenue from other insignificant sources not separately specified below. These revenue streams are recognised when the performance obligation is met, either at a point in time or over the period of obligation. The transaction price of these revenue items is priced at their relevant stand-alone prices. There are no significant payment terms as payment is due at the time of invoicing.

Product and service	Nature, timing of satisfaction of performance obligations
Commission income	The group earns commission revenue from the following: ▷ Administration and installation of tracking devices. The transaction price is a fixed percentage fee as agreed upon in the commission contract. The tracking revenue is recognised over the period of the financing vehicle agreement and the installation revenue is recognised at a point in time, when the installation is complete. ▷ Fees earned from finance, insurance related and allied products (F&I products) sold on behalf of major banks providing asset-backed and unsecured vehicle finance, and leading insurance providers. ▷ Also included here is commission revenue from the sale of value-added products as well as service and maintenance plans. Revenue is recognised at a point in time when the commission has been earned.
Customer experience management	The group earns customer experience management services revenue from the following: ▷ Consulting and service fees are recognised over a period of time as performance obligations are met and the service delivered to clients. ▷ Processing fees are based on performance of electronic fund transfers. Revenue is recognised on delivery of the service, being the processing of payments. ▷ Commissions and fees for collection of debtors as agent for third parties are recognised at a point in time on receipt of payments from the debtors.
Fee income	Administration fees: Admin fees are earned by Road Cover and Gomo as follows: ▷ **Road Cover:** The identified performance obligation is the ongoing service, should the member be involved in an accident and/or injured in a road related incident. The service is available over the subscription period. Revenue is recognised over time as the customer simultaneously receives and consumes all the benefits provided by the entity as the entity performs. ▷ **Gomo:** The identified performance obligation is the ongoing service in its capacity as an agent in maintaining and servicing the vehicle finance loan book of a principal. The service is performed over the period of the agreement, and revenue is recognised over time as the agency services are delivered to the principal. ▷ Service fees are recognised over a period of time as performance obligations are met and the service delivered to clients.
Revenue from sale of goods	Revenue from direct sales is recognised at a point in time. Sales relate to vehicles, parts, and hardware. For vehicles, this usually occurs when the customer signs the new contract, the group has satisfied its performance obligations in terms of the contract and the customer takes delivery of the vehicle. For parts, this occurs when the parts are handed over or delivered to the customer.

31 Revenue recognition continued

31.3 Revenue comprises:

	2023 Rm	2022 Restated* Rm
Commission income	**467**	384
Customer experience management	**2 419**	1 186
Dividend and rebate income from insurance related activities	**13**	26
Fee income	**134**	143
Revenue from sale of goods	**20 428**	19 101
Other revenue	**14**	20
Total revenue	**23 475**	20 860

* *Comparative information has been restated for the presentation of purchased book debts. Collections of R1 791 million which were previously presented as part of revenue is now recognised against the amortised cost of purchased book debt. Refer to note 28 for further information.*

32 Net insurance result

The net insurance result comprises the following:

	Reinsurance contracts Rm	Insurance contracts Rm	Total Rm
2023			
Insurance revenue (refer note 32.1)	**179**	**1 101**	**1 280**
Insurance service expense (refer note 32.2)	**(101)**	**(1 263)**	**(1 364)**
Insurance finance (costs)/income (refer note 32.3)	**(13)**	**29**	**16**
Net insurance result	**65**	**(133)**	**(68)**
2022			
Insurance revenue (refer note 32.1)	–	1 143	1 143
Insurance service expense (refer note 32.2)	–	(738)	(738)
Insurance finance income (refer note 32.3)	–	6	6
Net insurance result	–	411	411

32.1 Insurance revenue

The table below presents an analysis of the total insurance revenue recognised in the period:

	Short-term motor comprehensive policy – financed portfolio Rm	Credit life portfolio Rm	Short-term motor comprehensive policy – non financed portfolio Rm	Other Rm	Reinsurance contracts – short term warranties Rm	Total Rm
2023						
Contracts measured under the PAA approach	**704**	**242**	**150**	**5**	**179**	**1 280**
Insurance revenue	**704**	**242**	**150**	**5**	**179**	**1 280**

	Short-term motor comprehensive policy - financed portfolio Rm	Credit lifeportfolio Rm	Short-term motor comprehensive policy – non financed portfolio Rm	Other Rm	Reinsurance contracts – short term warranties Rm	Total Rm
2022						
Contracts measured under the PAA approach	713	262	160	8	–	1 143
Insurance revenue	713	262	160	8	–	1 143

32 Net insurance result continued

32.2 Insurance service expense

The insurance service expense comprises of the following:

	Reinsurance contracts Rm	Insurance contracts Rm	Total Rm
Claims and benefits */**	83	1 054	1 137
Fees and commissions	–	38	38
Change in estimate – onerous insurance contracts	–	29	29
Other***	18	142	160
Insurance service expense	**101**	**1 263**	**1 364**

* *Includes the utilisations of IFRS17 insurance contracts liabilities amounting to R19 million (2022: R19 million). Refer to note 22.*

** *Includes once off adjustments related to the change in business model of R401 million. These remeasurements of reserves have been treated as changes in accounting estimates in accordance with IAS 8.*

*** *Includes fulfilment cashflows (including an allocation of variable and fixed overheads) as required by IFRS 17 paragraphs B65 and B66.*

32.3 Insurance finance (expense)/income

The table below presents an analysis of the insurance finance (expense)/income from insurance contracts issued:

2023	Short-term motor comprehensive policy - financed portfolio Rm	Credit life portfolio Rm	Short-term motor comprehensive policy – non financed portfolio Rm	Other Rm	Reinsurance contracts – short term warranties Rm	Total Rm
Insurance finance expense						
Interest accreted to insurance contracts	(3)	–	–	–	17	14
Changes in interest rates and other financial assumptions	16	–	(1)	–	(30)	(15)
Insurance bank interest**	–	–	–	17	–	17
Total insurance finance expense	**13**	**–**	**(1)**	**17**	**(13)**	**16**

2022	Short-term motor comprehensive policy – financed portfolio Rm	Credit lifeportfolio Rm	Short-term motor comprehensive policy – non financed portfolio Rm	Other Rm		Total Rm
Insurance finance income						
Insurance bank interest	–	–	–	6	–	6
Total insurance finance income	–	–	–	6	–	6

All insurance finance income/(expense) from insurance contracts are recognised in profit or loss.

33 Operating costs

	2023 Rm	2022 Restated* Rm
Operating costs comprise:		
Advertising, marketing and public relations	**(286)**	(279)
Amortisation of intangible assets	**(146)**	(92)
Annual report	**(2)**	(2)
Audit fees**	**(38)**	(31)
Bank charges*	**(27)**	(32)
Cleaning costs	**(20)**	(13)
Commissions paid*	**(70)**	(73)
Communication costs*	**(35)**	(34)
Consulting fees	**(110)**	(79)
Depreciation	**(301)**	(209)
Donations	**(12)**	(5)
Electricity and water	**(57)**	(41)
Employee expenses*	**(2 397)**	(1 964)
Entertainment	**(9)**	(7)
External management fees paid***	**(9)**	(9)
Handling, logistics and collection costs	**(249)**	(264)
Impairment of goodwill	**(63)**	(4)
Impairment of property, plant and equipment	**(1)**	(28)
Impairment of right-of-use assets	**(28)**	(1)
Impairment of trade and other receivables	**(35)**	(7)
Impairment of other loans receivable	**–**	(1)
Information technology	**(212)**	(145)
Listing costs	**(3)**	(4)
Maintenance	**(37)**	(33)
Motor vehicle expenses	**(12)**	(10)
Non-executive directors' fees	**(11)**	(11)
Operating lease rentals and storage costs	**(61)**	(48)
Printing and stationery	**(33)**	(23)
Professional fees – legal*	**(27)**	(48)
Professional fees – other	**(45)**	(30)
Property rates and taxes	**(21)**	(19)
Recruitment fees	**(16)**	(12)
Risk management	**(83)**	(57)
Staff welfare	**(50)**	(32)
Subscriptions	**(19)**	(11)
Training and seminars	**(19)**	(11)
Travel	**(44)**	(25)
VAT disallowed	**(51)**	(43)
Write off of minor assets	**(13)**	(4)
Impairment of investment in associate	**(53)**	–
Other operating costs	**(10)**	(15)
Total operating costs	**(4 715)**	(3 756)

* *Comparative information has been restated for the correction of the presentation of purchased book debts, refer to note 28 for further information.*

** *Includes non-audit fees of R1 million (2022: R2 million).*

*** *Includes R5 million (2022: R5 million) paid by the WBC group to Faan van der Walt, the CEO of the WBC group in terms of the WBC shareholders agreement. Refer to the executive compensation note.*

33 Operating costs continued

Executive compensation

Executive directors' remuneration

The following table shows a breakdown of the annual remuneration of directors for the year ended 30 September 2023:

	2023							2022					
	Salary R	Short-term employee benefits[1] R	Present value of share-based awards[2] R	Value of deferred retention awards[3] R	Annual incentive bonus R	Management fees[4] R	Total R	Salary R	Short-term employee benefits[1] R	Present value of share-based awards R	Annual incentive bonus R	Management fees[4] R	Total R
Executive director													
Sean Doherty[5]	**2 441 233**	**441 270**	**–**	**–**	**–**	**–**	**2 882 503**	2 899 611	539 430	4 574 708	2 833 333	–	10 847 082
Mark Herskovits	**3 179 038**	**677 735**	**9 550 127**	**–**	**2 533 333**	**–**	**15 940 233**	2 732 190	574 983	3 734 644	2 708 333	–	9 750 150
David Hurwitz	**6 492 999**	**868 898**	**–**	**–**	**–**	**–**	**7 361 897**	6 220 437	690 169	5 463 769	6 792 500	–	19 166 875
Sahil Samjowan[6]	**1 226 413**	**207 745**	**3 612 500**	**–**	**1 770 833**	**–**	**6 817 491**	–	–	–	–	–	–
Jonathan Jawno	**4 467 095**	**119 867**	**–**	**–**	**–**	**–**	**4 586 962**	4 012 631	89 270	–	6 000 000	–	10 101 901
Michael Mendelowitz	**4 467 095**	**188 483**	**–**	**–**	**–**	**–**	**4 655 578**	4 012 155	183 725	–	6 000 000	–	10 195 880
Roberto Rossi	**4 390 742**	**119 867**	**–**	**–**	**–**	**–**	**4 510 609**	4 180 000	100 738	–	6 000 000	–	10 280 738
Prescribed officer													
Sean Doherty[5]	**1 425 895**	**240 772**	**–**	**7 875 000**	**3 333 333**	**–**	**12 875 000**	–	–	–	–	–	–
Terry Kier[7]	**3 686 212**	**2 519 583**	**–**	**–**	**2 500 000**	**–**	**8 705 795**	4 692 361	2 085 810	–	–	–	6 778 171
David McAlpin[8]	**2 779 076**	**368 882**	**–**	**–**	**–**	**–**	**3 147 958**	3 605 935	683 490	4 222 432	5 001 492	–	13 513 349
Faan van der Walt[4]	**3 968 297**	**674 494**	**–**	**–**	**–**	**4 774 766**	**9 417 557**	3 716 671	666 544	–	–	5 079 864	9 463 079
John Watling[9]	**4 686 798**	**563 675**	**3 583 125**	**–**	**7 625 000**	**–**	**16 458 598**	–	–	–	–	–	–
Total	**43 210 893**	**6 991 271**	**16 745 752**	**7 875 000**	**17 762 499**	**4 774 766**	**97 360 181**	36 071 991	5 614 159	17 995 553	35 335 658	5 079 864	100 097 225

1. *There were no post-employment, other long-term or post-termination benefits paid to executive directors.*
2. *Estimated present value of CSPs to be granted in December 2023 based on the 10 day VWAP/Nutun share price on 30 September 2023.*
3. *Sean Doherty received a deferred retention award in 2023 financial year in lieu of a December 2023 CSP award. The deferred retention award will be settled in cash in November 2024.*
4. *Management fees are paid by the WBC group to I Faan (Pty) Ltd in terms of the WBC shareholders agreement. I Faan (Pty) Ltd is an entity owned by Faan van der Walt, the CEO of the WBC group, and is a shareholder of WBC Holdings.*
5. *Sean Doherty was appointed as a prescribed officer in his capacity as CEO of SA Taxi with effect from 1 June 2023. Sean served as CFO of Transaction Capital prior to his appointment at SA Taxi. The remuneration disclosed above has been split between the different roles held by Sean Doherty in the financial year.*
6. *Sahil Samjowan was appointed as the chief financial officer of the group with effect from 1 June 2023.*
7. *Terry Kier stepped down as the chief executive officer of SA Taxi with effect from June 2023.*
8. *David McAlpin retired as the Nutun chief executive with effect from 1 July 2023.*
9. *John Watling was appointed as joint CEO of Nutun on 1 October 2022 and sole CEO on 1 July 2023. As part of John Watling's appointment, John received a bespoke long term incentive award (LTI). The LTI award will be measurable at the end on FY2027 based on the compound annual growth of Nutun. Additionally, John received a sign on bonus of R5million which is included under annual incentive bonus.*

33 Operating costs continued

Executive compensation continued

Conditional Share Plan (CSP)

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

	Component	Present value of CSP[1] R	Number of CSPs[2]	Vesting periods (years)	Number of CSPs exercised during the year	Gain on CSPs exercised R
Executive director						
David Hurwitz						
Granted on 22 November 2017	Group	–	–	2 to 5	27 760	1 074 034
Granted on 20 November 2018	Group	627 949	38 549	2 to 5	59 654	2 308 013
Granted on 26 November 2019	Group	2 421 544	127 338	2 to 5	63 669	2 463 354
Granted on 24 November 2020	Group	4 635 135	255 192	3 to 5	–	–
Granted on 16 November 2021	Group	5 097 018	133 780	3 to 5	–	–
Granted on 15 November 2022	Group	5 422 964	152 975	3 to 5	–	–
Mark Herskovits						
Granted on 22 November 2017	Group	–	–	2 to 5	13 986	541 118
Granted on 20 November 2018	Group	313 624	19 253	2 to 5	29 796	1 152 807
Granted on 26 November 2019	Group	1 076 762	56 622	3 to 5	28 311	1 095 353
Granted on 24 November 2020	Group	3 013 986	165 938	3 to 5	–	–
Granted on 16 November 2021	Group	3 483 940	91 442	3 to 5	–	–
Granted on 15 November 2022	Group	4 108 088	115 884	3 to 5	–	–
Granted on December 2023[2]	Group	9 550 127	2 268 385	3	–	–
Sahil Samjowan						
Granted on 1 February 2021	Nutun	2 233 996	428 790	3 to 5	–	–
Granted on 16 November 2021	Nutun	1 379 607	210 306	3 to 5	–	–
Granted on 15 November 2022	Nutun	3 033 636	369 505	3 to 5	–	–
Granted December 2023[2]	Group	3 612 500	858 056	3	–	–
Prescribed officer						
Sean Doherty[3]						
Granted on 19 June 2019	Group	1 855 708	107 890	3 to 5	39 895	280 461
Granted on 26 November 2019	Group	1 089 712	57 303	3 to 5	28 651	1 108 507
Granted on 24 November 2020	Group	2 267 201	124 823	3 to 5	–	–
Granted on 16 November 2021	Group	3 644 760	95 663	3 to 5	–	–
Granted on 15 November 2022	Group	4 540 507	128 082	3 to 5	–	–
John Watling						
Granted on 15 November 2022	Nutun	4 012 695	488 757	3 to 5	–	–
Granted December 2023[2]	Nutun	3 583 125	389 470	3	–	–
David McAlpin[4]						
Granted on 22 November 2017	Nutun	–	–	2 to 5	61 610	615 094
Granted on 25 March 2019	Nutun	–	–	2 to 4	732 279	7 296 392
Granted on 24 November 2020	Nutun	–	–	3 to 5	142 102	1 564 543
Granted on 13 March 2021	Nutun	–	–	2 to 4	1 837 673	20 232 780
Granted on 31 May 2022	Nutun	4 222 432	560 748	3	–	–

1. *Jonathan Jawno, Michael Mendelowits, Roberto Rossi, Terry Kier and Faan van der Walt do not participate in the CSP.*
2. *Estimated present value and number of CSPs to be granted in December 2023 based on the 10 day VWAP/Nutun share price on 30 September 2023.*
3. *Sean Doherty received a deferred retention award in 2023 financial year in lieu of a December 2023 CSP award. The deferred retention award will be settled in cash in November 2024.*
4. *David McAlpin resigned as CEO of Nutun effective 1 July 2023. As approved by the remuneration committee all awards issued prior to FY2022 were accelerated and paid out in cash in July 2023.*

Refer to note 37 in the annual financial statements for further details on the CSP.

33 Operating costs continued

Executive compensation continued

Non-executive directors' fees

The fees are paid to non-executive directors quarterly in arrears and determined by the board on a market-related basis as recommended by the remuneration committee. Refer to the Directors report for any changes in the directorate during the current year.

Board members 2023	C Seabrooke R	K Pillay R	D Radley[1] R	B Hanise R	S Wapnick R	I Kirk R	S Kana R	A Kekana R	Total R
Board chairman (including committee attendance)	457 188	–	–	–	–	1 427 801	–	–	1 884 989
Lead independent director	–	–	–	–	–	–	134 642	–	134 642
Director	334 514	441 626	812 376	441 626	441 626	107 113	441 626	441 626	3 462 133
Audit committee (chairperson)	–	–	468 555	–	–	–	–	–	468 555
Audit committee (member)	142 780	–	–	188 499	–	45 719	188 499	–	565 497
Asset and liability committee (chairperson)	–	–	–	–	–	–	312 370	–	312 370
Asset and liability committee (member)	–	–	144 329	–	–	35 000	–	–	179 329
Remuneration committee (chairperson)	–	312 370	–	–	–	–	–	–	312 370
Remuneration committee (member)	109 329	–	–	–	144 336	35 008	–	–	288 673
Nominations committee (chairperson)	–	–	–	–	–	236 607	–	–	236 607
Nominations committee (member)	109 329	144 336	–	–	144 336	–	144 336	–	542 337
Social, ethics and sustainability committee (chairperson)	–	–	–	–	–	–	312 370	–	312 370
Social, ethics and sustainability committee (member)	–	144 336	–	–	–	–	–	144 336	288 672
Risk and technology committee (chairperson)	–	–	–	–	–	75 763	–	–	75 763
Risk and technology committee (member)	–	–	144 336	–	–	–	144 336	–	288 672
Tax sub-committee (member)	119 894	–	55 400	–	–	–	–	–	175 294
Total annual fees	1 273 034	1 042 668	1 624 996	630 125	730 298	1 963 011	1 678 179	585 962	9 528 273

1. *In addition to the fees received above, D Radley received directors' fees of R370 750 excluding VAT for acting as an independent non-executive director of SA Taxi Holdings (Pty) Ltd and Nutun Holdings (Pty) Ltd.*

33 Operating costs continued

Executive compensation continued

Non-executive directors' fees continued

The fees are paid to non-executive directors quarterly in arrears and determined by the board on a market-related basis as recommended by the remuneration committee.

Board members 2022	C Seabrooke R	K Pillay R	D Radley[1] R	B Hanise R	S Wapnick R	I Kirk R	S Kana[2] R	A Kekana[3] R	Total R
Board chairman (including committee attendance)	1 793 821	–	–	–	–	–	–	–	1 793 821
Lead independent director	–	–	–	–	–	–	128 130	–	128 130
Director	–	420 267	420 267	420 267	420 267	420 267	420 267	420 267	2 941 869
Audit committee (chairperson)	–	–	445 893	–	–	–	–	–	445 893
Audit committee (member)	–	–	–	179 382	–	179 382	179 382	–	538 146
Asset and liability committee (chairperson)	–	–	–	–	–	–	296 525	–	296 525
Asset and liability committee (member)	–	–	140 000	–	–	140 000	–	–	280 000
Remuneration committee (chairperson)	–	297 262	–	–	–	–	–	–	297 262
Remuneration committee (member)	–	–	–	–	140 017	140 017	–	–	280 034
Nominations committee (member)	–	140 017	–	–	140 017	–	140 017	–	420 051
Social and ethics committee (chairperson)	–	–	–	–	–	–	297 262	–	297 262
Social and ethics committee (member)	–	140 017	–	–	–	–	–	140 017	280 034
Risk and technology committee (chairperson)	–	–	–	–	–	297 262	–	–	297 262
Risk and technology committee (member)	–	–	140 017	–	–	–	140 017	–	280 034
Total annual fees	1 793 821	997 563	1 146 177	599 649	700 301	1 176 928	1 601 600	560 284	8 576 323

1. *In addition to the fees received above, D Radley received directors' fees of R353 383 excluding VAT for acting as an independent non-executive director of SA Taxi Holdings (Pty) Ltd and Nutun Holdings (Pty) Ltd.*
2. *Suresh Kana was appointed as chairman of the social and ethics committee on 1 October 2021.*
3. *Albertinah Kekana was appointed as a member of the social and ethics committee with effect from 1 October 2021.*

		Note	2023 Rm	2022 Rm
34	**Non-operating profit**			
	Non-operating profit comprises:			
	Imputed interest charge – options over non-controlling interests	29	**(266)**	(280)
	Remeasurement of put options over non-controlling interests	29	**1 793**	553
	Fair value adjustment on call option derivative		**158**	269
	Transaction costs		**(53)**	(16)
	Other non-operating profit		**22**	7
	Total non-operating profit		**1 654**	533

35 Income tax

35.1 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.

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 directly in equity respectively.

		2023 Rm	2022 Rm
35.2	**Income tax expense**		
	South African normal taxation:		
	Current taxation	**(328)**	(355)
	Current year	**(327)**	(342)
	Prior years	**(1)**	(13)
	Deferred taxation	**121**	(54)
	Current year	**120**	(116)
	Prior years	**1**	62
	Foreign taxation	**(6)**	(2)
	Total income tax expense	**(213)**	(411)
	South African tax rate	**27.0%**	28.0%
	Tax effects of:		
	Income not subject to tax*	**61.6%**	(4.4%)
	Expenses not deductible for tax purposes**	**(98.3%)**	(2.5%)
	Tax losses not recognised	**(9.7%)**	0.1%
	Prior year taxes***	**(0.5%)**	(1.9%)
	Tax not previously recognised	**0.0%**	0.0%
	Permanent differences	**0.7%**	(0.6%)
	Effects of losses/(profits) taxed in different jurisdictions	**0.2%**	(0.1%)
	Tax rate change adjustment	**0.0%**	(1.7%)
	Effective tax rate	**(19.0%)**	16.8%

* *Income not subject to tax consists mainly of re-measurement adjustments to put options over NCI, fair value adjustments on the call option over NCI, share of profits from equity accounted investments, as well as capital receipts that are not taxable.*

** *Expenses not deductible for tax purposes consists of expenses not incurred in the production of taxable income, depreciation on leasehold assets, interest and penalties, write off of goodwill, imputed finance charge on put option over NCI, and other.*

*** *This relates mostly to the reassessment of deferred tax in relation to foreign insurance dividends expected in the foreseeable future (in terms of IAS 12). This is as a result of the change in the terms and conditions of absconsion, violation and credit shortfall (AVCS) cover for the financial insurance portfolio.*

36 Earnings per share

36.1 From continuing and discontinued operations

	Units	2023	2022
Basic (loss)/earnings per share	cents	**(122.8)**	227.4
Diluted basic (loss)/earnings per share	cents	**(122.8)**	222.1
Headline (loss)/earnings per share	cents	**(100.1)**	219.8
Diluted headline (loss)/earnings per share	cents	**(100.1)**	214.6
The calculation of (loss)/earnings per share is based on the following data:			
(Loss)/earnings			
(Loss)/earnings for the purposes of basic and diluted (loss)/earnings per share	Rm	**(933)**	1 643
Being profit for the year attributable to ordinary equity holders of the parent			
Headline (loss)/earnings adjustments:	Rm	**172**	(55)
Impairment of goodwill	Rm	**52**	3
Impairment of property and equipment	Rm	**1**	5
Impairment of right of use assets	Rm	**20**	16
Impairment of investment in associate	Rm	**43**	–
Fair value adjustment on recognition of disposal group in associate	Rm	**56**	–
Profit on disposal of salvage business	Rm	**–**	(79)
Earnings for the purposes of headline and diluted headline earnings per share	Rm	**(761)**	1 588
Number of shares			
Weighted average number of ordinary shares for the purposes of basic and headline earnings per share			
Number of ordinary shares in issue at the beginning of the year	million	**757.4**	708.4
Effect of shares issued during the year	million	**2.4**	14.0
Weighted average number of ordinary shares for the purposes of basic and headline earnings per share	million	**759.8**	722.4
Effect of dilutive potential ordinary shares:			
Shares deemed to be issued for no consideration in respect of conditional share plan	million	**–**	17.5
Weighted average number of ordinary shares for the purposes of diluted basic and headline earnings per share	million	**759.8**	739.9

36 Earnings per share continued

36.2 From continuing operations

	Units	2023	2022
Basic (loss)/earnings per share	cents	**(121.6)**	232.0
Diluted basic (loss)/earnings per share	cents	**(121.6)**	226.5
Headline (loss)/earnings per share	cents	**(99.0)**	224.4
Diluted headline (loss)/earnings per share	cents	**(99.0)**	219.1
The calculation earnings per share is based on the following data:			
Earnings			
(Loss)/profit for the year attributable to ordinary equity holders of the parent	Rm	**(933)**	1 643
Adjustments to exclude the loss for the year from discontinued operations attributable to equity holders of the parent	Rm	**9**	33
Earnings from continuing operations for the purposes of basic and diluted earnings per share excluding discontinued operations	Rm	**(924)**	1 676
Headline earnings adjustments:	Rm	**172**	(55)
Impairment of goodwill	Rm	**52**	3
Impairment of property, and equipment	Rm	**1**	5
Impairment of right of use of assets	Rm	**20**	16
Impairment of investment	Rm	**43**	–
Fair value adjustment on recognition of disposal group in associate	Rm	**56**	–
Profit on disposal of salvage business	Rm	**–**	(79)
Earnings from continuing operations for the purposes of headline and diluted headline earnings per share excluding discontinued operations	Rm	**(752)**	1 621

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations. Shares deemed to be issued for no consideration in respect of the conditional share plan do not have a dilutive effect in the current period.

37 Share-based payments

Equity settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the group's estimate of the number of equity instruments that will eventually vest. At each reporting period, the group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Included in the share-based payment reserve is a call option which was granted by SA Taxi Holdings (Pty) Ltd to its minority shareholder, Industry SPV (RF) (Pty) Ltd (Industry SPV), which is ultimately held by various taxi industry bodies. In February 2019, as part of the transaction in which Industry SPV subscribed for shares in SA Taxi, SA Taxi provided vendor financing to Industry SPV through the issue of notional vendor financing (NVF) shares. The fair value of the NVF shares was determined to be R99.7 million, and were issued to Industry SPV for zero consideration. A call option was granted by SA Taxi to Industry SPV, in terms of which the NVF shares will be redeemed converting them into ordinary shares. In line with the principles of IFRS 2 – Share-based Payment, the call option was recognised as a share-based payment transaction. The group, through its subsidiary Transaction Capital Corporate Support (Pty) Ltd (TCCS) has provided an equity cure mechanism such that in the event of the Industry Holdco (being the entity which owns the shares in Industry SPV on behalf of the various taxi industry bodies) breaching any of its financial covenants and the funders of that entity exercising their rights under an event of default, TCCS may be called on by the funders to provide an equity cure in the form of a cash contribution to Industry Holdco of no more than R285 million. The provision of the equity cure will increase the notional funding balance provided to SANTACO, thereby decreasing the value of the call option to the industry and consequently reducing the value of ordinary shares to be issued at redemption of the NVFs. The equity cure was considered in the calculation of the strike price of the call option on initial recognition of the share-based payment transaction. Should TCCS be required to provide the equity cure, this will be treated as a transaction with shareholders which will be recognised in equity, as it will have an impact on the numbers of ordinary shares that will be issued on ultimate redemption of the NVF shares.

37 Shared-based payments continued

37.1 Equity settled conditional share plan

37.1.1 Details of the equity settled conditional share plan

The group implemented a conditional share plan for executives and senior employees of the company and its subsidiaries. In accordance with the terms of the plan, as approved by shareholders at a general meeting, the grant of conditional share plans awards (CSPs) will be made on an annual or on an ad hoc basis. The number of CSPs granted to an employee will take cognisance of the employees grade, performance, term of employment, retention requirements and market benchmarks. A CSP is a conditional right to acquire Transaction Capital shares for no consideration, the number of shares being determined by the value of the CSP at vesting date, and the number of CSPs granted. The value of Transaction Capital shares issued will be subject to income tax.

The CSP mechanism is overseen and approved by the remuneration committee. Key executives are awarded CSPs in each member group (SA Taxi, Nutun, NutunX, Transaction Capital, Nutun Australia or WeBuyCars) for zero cost based on retention and performance criteria. The CSPs are based on notional shares held in each member group, giving executives direct exposure to the performance of that member group (or based on Transaction Capital's share price for employees of the group executive office). At each date on which a CSP award is made, a valuation of each member group is performed by an independent expert. Transaction Capital executives are awarded CSPs at the prevailing share price of Transaction Capital on the date of the award. An updated valuation of each member group is performed semi-annually by an independent expert.

Historic vesting periods ranged between 2 and 5 years and are based on both a retention element (subject to continued employment) and a performance element (subject to continued employment and linked to performance criteria) that is approved by the remuneration committee. The performance criteria are based on the achievement of core continuing earnings per share from continued operations in excess of prescribed CPI thresholds.

Employees are required to remain in the employ of the group to be eligible for CSP vestings (subject to standard "good leaver" rules). Subject to approval of the remuneration committee, employees may be transferred between member groups with an appropriate adjustment to be made to the number and fair values of CSPs transferred. Employees who resign or are dismissed will forfeit any CSP awards that have not vested.

Due to the nature of the CSP awards, the grant price of each CSP is zero. The fair value of each CSP at grant date is underpinned by the value of the notional share of each member group.

37.1.2 Fair value of conditional share plan awards granted in the year

The following Conditional Share Plan awards were in existence at year end:

		Weighted average fair value at grant date (cents)						
	Number	SA Taxi ZAR	Nutun ZAR	Nutun X ZAR	Transaction Capital Limited ZAR	Nutun Australia AUD	WBC ZAR	WBC equity value ZAR
Granted on 25 May 2018	**125 000**	**901**	**–**	**–**	**–**	**382**	**–**	**–**
Granted on 20 November 2018	**503 400**	**989**	**572**	**–**	**1 629**	**450**	**–**	**–**
Granted on 19 June 2019	**326 984**	**964**	**567**	**–**	**1 720**	**–**	**–**	**–**
Granted on 26 November 2019	**3 160 790**	**1 402**	**664**	**598**	**1 902**	**451**	**–**	**–**
Granted on 29 May 2020	**169 082**	**–**	**–**	**–**	**1 479**		**–**	**–**
Granted on 24 November 2020	**5 914 093**	**1 226**	**553**	**–**	**1 817**	**557**	**290**	**–**
Granted on 1 February 2021	**428 790**	**–**	**521**	**–**	**–**	**–**	**–**	**–**
Granted on 4 March 2021	**229 709**	**–**	**522**	**–**	**–**	**–**	**269**	**–**
Granted on 1 April 2021	**4 652**	**–**	**–**	**–**	**3 708**	**–**	**–**	**–**
Converted on 1 July 2021*	**68**	**–**	**–**	**–**	**–**	**–**	**–**	**20 000 000**
Granted on 1 July 2021	**37 859**	**–**	**554**	**–**	**–**	**–**	**–**	**–**
Granted on 25 November 2021	**5 906 907**	**1 263**	**656**	**–**	**3 810**	**411**	**350**	**–**
Granted on 31 May 2022	**1 030 151**	**1 243**	**753**	**–**	**4 100**	**–**	**–**	**–**
Granted on 1 June 2022	**920 018**	**1 266**	**–**	**–**	**3 957**	**–**	**1 505**	**–**
Granted on 24 November 2022	**8 772 636**	**975**	**821**	**–**	**3 545**	**–**	**1 185**	**–**
Granted on 15 June 2023	**3 098 756**	**–**	**1 002**	**–**	**–**	**478**	**1 021**	**–**
Granted on 30 June 2023	**760 594**	**–**	**–**	**–**	**591**	**–**	**–**	**–**

* *Relates to the conversion of a cash settled share scheme which existed in WBC Holdings to an equity settled scheme with effect from 1 July 2021.*

37 Share-based payments continued

37.1 Conditional share plan continued

37.1.2 Fair value of conditional share plan awards granted in the year continued

The values of CSPs are determined using a present value methodology whereby the unconditional share value is equal to the value of the notional share of each member group less the present value of estimated dividends paid prior to time of exercise. Key input assumptions are therefore expectations of dividend yields and risk-free interest rates.

Expected dividend yields across the member groups range between 0% and 13.25% (2022: between 0.95% and 13.25%). Dividend forecasts are estimated using a combination of historical dividend data and management's view of future dividends. The risk-free interest rate for the Nutun Australia member group ranges between 0.13% and 4.28% (2022: between 0.13% and 2.53%), and the risk-free interest rates for the remaining member groups (SA Taxi, Nutun, NutunX, Transaction Capital and WeBuyCars) range between 3.93% and 8.60% (2022: between 3.88% and 8.05%). These risk-free interest rates are obtained from the swap yield curve on the valuation date. The swap yield curve was independently constructed using a bootstrapping methodology together with a combination of traded market, Forward Rate Agreement (FRA) and swap rate inputs.

The issue prices, or prices at time of transfer, of the notional shares (of SA Taxi, Nutun, NutunX, Nutun Australia and WeBuyCars) and shares (of Transaction Capital) are disclosed below:

	SA Taxi ZAR	Nutun ZAR	Nutun X ZAR	Transaction Capital Limited ZAR	Nutun Australia AUD	WBC ZAR	WBC equity value ZAR
Granted on 25 May 2018	974	–	–	–	400	–	–
Granted on 20 November 2018	1 125	651	–	1 816	464	–	–
Granted on 19 June 2019	1 125	651	–	1 931	–	–	–
Granted on 26 November 2019	1 609	761	685	2 181	487	–	–
Granted on 29 May 2020	–	–	–	1 656	–	–	–
Granted on 24 November 2020	1 409	653	–	2 103	590	368	–
Granted on 1 February 2021	–	653	–	–	–	–	–
Granted on 4 March 2021	–	653	–	–	–	–	–
Granted on 1 April 2021	–	–	–	4 265	–	–	–
Converted on 1 July 2021*	–	–	–	–	–	–	20 000 000
Granted on 1 July 2021	–	697	–	–	–	–	–
Granted on 25 November 2021	1 430	800	–	4 265	522	551	–
Granted on 31 May 2022	1 430	856	–	4 367	–	–	–
Granted on 1 June 2022	1 430	–	–	4 146	–	1 690	–
Granted on 24 November 2022	1 114	1 023	–	3 935	–	1 502	–
Granted on 15 June 2023	–	1 101	–	–	478	1 107	–
Granted on 30 June 2023	–	–	–	591	–	–	–

* *Relates to the conversion of a cash settled share scheme which existed in WBC Holdings to an equity settled scheme with effect from 1 July 2021.*

37 Share-based payments continued

37.1 Conditional share plan continued

37.1.3 Movement in conditional share plan during the year

	2023 Number of CSPs	2022 Number of CSPs
Balance at beginning of year	**31 500 749**	33 196 589
Granted during the year	**13 115 558**	10 840 090
Conversion from WBC cash settled scheme	**–**	93
Exercised during the year	**(7 633 057)**	(8 647 027)
Conversion adjustment arising from transfer between member groups	**3 189 787**	12 369
Forfeited during the year	**(7 310 927)**	(3 901 365)
Cancelled during the year	**(1 472 621)**	–
Balance at end of year	**31 389 489**	31 500 749

37.1.4 Conditional share plan exercised during the year

	2023		2022	
	Number of CSPs exercised	Weighted average share price (cents)	Number of CSPs exercised	Weighted average share price (cents)
Granted on 22 November 2016	**–**	**–**	1 029 629	4 245
Granted on 22 November 2017	**605 423**	**3 869**	3 537 987	4 238
Granted on 1 January 2018	**–**	**–**	33 333	4 245
Granted on 25 May 2018	**–**	**–**	102 376	4 245
Granted on 20 November 2018	**1 431 017**	**3 820**	1 387 978	4 152
Granted on 25 March 2019	**934 831**	**3 869**	1 789 486	4 245
Granted on 19 June 2019	**305 579**	**703**	489 324	4 314
Granted on 26 November 2019	**2 134 064**	**3 787**	135 154	3 360
Granted on 29 May 2020	**84 541**	**3 869**	48 310	4 245
Granted on 24 November 2020	**237 547**	**1 291**	82 596	3 438
Granted on 31 March 2021	**1 837 673**	**703**	–	–
Granted on 1 July 2021	**26**	**703**	–	–
Granted on 25 November 2021	**44 868**	**1 947**	10 398	2 127
Granted on 31 May 2022	**17 488**	**1 059**	456	3 713
Total CSPs exercised during the year	**7 633 057**		8 647 027	

37.1.5 Conditional share plan expense recognised during the year

	2023 Rm	2022 Rm
The expense has been recognised in the income statement under employee costs	**69**	74

38 Cash generated by operations

	Notes	2023 Rm	2022 Restated* Rm
Profit before taxation from continuing operations:		**(1 122)**	2 447
Adjusted for:			
Interest income*/**		**(4 171)**	(3 775)
Interest expense	29	**2 801**	1 663
Interest expense (lease liabilities)	29	**60**	39
Amortisation of intangible assets	15	**146**	92
Impairment gain on principal book portfolio*	11	**(216)**	(281)
Impairment of goodwill	17	**63**	4
Impairment of property plant and equipment	16	**1**	7
Impairment of right of use assets	16	**28**	22
Impairment of investment in associate	14	**53**	–
Bad debts written off	30	**1 749**	961
Movement in inventory provision		**15**	–
Movement in provisions	21	**(26)**	3
Depreciation (including right-of-use assets)	16	**301**	210
Fair value adjustment of other financial assets*	11	**(319)**	(251)
Movement in impairment of loans and advances	30	**2 007**	(99)
Impairment of trade receivables		**35**	6
Impairment of other loans receivable	12	**–**	1
Movement in conditional share plan accrual	37	**48**	74
Share of profit from associate	14	**53**	(47)
Movement in insurance contract liabilities	22	**814**	(91)
Profit on disposal of property and equipment	16	**–**	(1)
Loss on derivatives		**–**	3
Income from cell captive		**(44)**	–
Other income on recognition of sublease		**(8)**	–
Imputed interest charge - options over non-controlling interests	25	**266**	280
Remeasurement of put options over non-controlling interests	25	**(1 793)**	(553)
Fair value gain on call option derivative	13	**(157)**	(269)
Profit on sale of business		**–**	(133)
Fair value loss/(gain) on contingent consideration	20	**24**	(45)
Lease write off		**(24)**	–
Cash generated by operations		584	267

* *The comparative period has been restated for the correction of the presentation of purchased book debts. Refer to note 28 for further details.*
** *Comprises interest received per note 29, and bank interest received from insurance operations per note 32.*

		2023 Rm	2022 Restated* Rm
38 Cash generated by operations continued			
38.1 Cash flow from loans and advances			
The cash flow movement in loans and advances is calculated as follows:			
Increase in net loans and advances	10	**(465)**	(1 657)
Movement in loans and advances classified as assets held for sale	19	**–**	20
Impairment of loans and advances	30	**(3 751)**	(856)
Bad debts recovered	30	**(5)**	(6)
Other non-cash movement**		**–**	(50)
Accrued interest		**923**	707
Net increase in loans and advances		**(3 298)**	(1 842)
38.2 Cash flow from purchased book debts			
The cash flow movement in purchased book debts is calculated as follows:			
Increase in purchased book debts	11	**(817)**	(767)
Impairment gain*	11	**216**	281
Interest calculated using the credit adjusted effective interest rate (CAEIR)*	11	**778**	816
Fair value adjustment of other financial assets*	11	**319**	251
Effect of foreign currency exchange difference	11	**–**	19
Disposal of purchased book debts where payment has not been received at year end	11	**–**	(26)
Transfer to assets held for sale	11	**–**	(316)
Net increase in purchased book debts		**496**	258

* *The comparative period has been restated for the correction of the presentation of purchased book debts.*
** *The impairment expense includes a loan of R50 million which was subordinated during the prior year, which represents a portfolio credit enhancement in relation to the quality renewed tax portfolio.*

	2023 Rm	2022 Restated* Rm
39 Income taxes paid		
Amounts payable at the beginning of the year	**(30)**	(11)
Charged in statement of comprehensive income – continuing operations	**(213)**	(411)
Deferred taxation charge in the income statement – continuing operations	**(120)**	116
Business combinations	**–**	(11)
Prior year deferred tax	**(1)**	(62)
Effects of foreign exchange rates	**(1)**	(2)
Amounts payable at the end of the year	**19**	30
Income taxes paid	**(346)**	(351)
40 Dividends paid		
Dividends paid to ordinary equity holders of the parent	**(281)**	(476)
Dividends paid to non-controlling shareholders	**(154)**	(154)
Total dividends paid	**(435)**	(630)

In the context of the headline and basic losses for the year, and to preserve liquidity, the board resolved not to declare any dividend for the 2023 financial year (2022: Total dividend of 70 cents per share at a rate of 2.5 cover).

41 Liabilities from financing activities

	Interest bearing liabilities Rm	Leases Rm	Total Rm
As at 1 October 2021	16 139	420	16 559
Financing cash flows	5 000	(132)	4 868
Liabilities raised	16 759	–	16 759
Liabilities repaid	(11 759)	(132)	(11 891)
New leases	–	387	387
Derecognition of lease liabilities	–	(5)	(5)
Changes in fair values	382	–	382
Effect of foreign exchange difference	11	9	20
Business combinations	363	36	399
Other changes*	(33)	–	(33)
As at 30 September 2022	**21 862**	**715**	**22 577**
Financing cash flows	**3 370**	**(198)**	**3 172**
Liabilities raised	**9 907**	**–**	**9 907**
Liabilities repaid	**(6 537)**	**(198)**	**(6 735)**
New leases	**–**	**147**	**147**
Changes in fair values	**46**	**–**	**46**
Effect of foreign exchange difference	**9**	**6**	**15**
Other changes*	**106**	**98**	**204**
As at 30 September 2023	**25 393**	**768**	**26 161**

* *Other changes consist mainly of movements in interest accruals and capitalised transaction costs.*

42 Contingencies and commitments

	2023 Rm	2022 Rm
Capital commitments		
Approved	**118**	92
Contracted	**102**	171
Total capital commitments*	**220**	263
Operating lease commitments		
Future minimum payments under non-cancellable operating leases		
Premises		
Year 1	**–**	11
Total operating lease commitments for premises	**–**	11
Future minimum payments under other operating lease commitments are in aggregate Rnil million (2022: R1.5 million) and are therefore not separately disclosed. Operating lease commitments have decreased year on year as a result of leases becoming short term leases.		
Contingent liabilities		
Guarantees issued**/***	**17**	16
Total contingent liabilities	**17**	16

* *Total capital commitments relate to either approved or contractual commitments that the group has entered into in relation to the acquisition of property and equipment.*

** *The guarantee relates to Recoveries Corporation which has a contingent liability of R17 million (2022: R16 million) in respect of guarantees issued by bankers for facilities in the normal course of business to the extent that they are utilised.*

*** *The comparative amount has been corrected to exclude guarantee amounts of R395 million which was related to intercompany loan guarantees that are not applicable at Transaction Capital group level*

42 Contingencies and commitments continued

Loan commitment

The group sold its salvage sale business in exchange for a 40% investment in Gobid (Pty) Ltd in the prior year (refer to the investment in associate note 14 for more information). As part of the sale of the business, the group has committed to issue an interest free loan to Gobid (Pty) Ltd to the extent that they do not generate a minimum turnover amount of R194 million in cash over the two-year forward flow period from the sale of the salvage taxis. The group therefore has a loan commitment in terms of IFRS 9 as they have a possible obligation to provide Gobid (Pty) Ltd with an interest free loan. SA Taxi expects that Gobid (Pty) Ltd will meet the minimum turnover amount by the end of the forward flow term given SA Taxi's access to stock (by way of insurance accident salvage vehicles as well as repossessions off the portfolio), and as such, the fair value of the loan commitment has been measured at zero given no current expected probability of payment. This position will be reassessed over the remaining period.

Contingencies and guarantees

Gomo guarantee

Gomo group has guaranteed to cover claims for any sale assets that are declared void or invalid up to an agreed maximum amount. At year end, a credit loss allowance was not recognised as no sale assets were declared void or invalid nor are any sale assets expected to be declared void or invalid.

Nutun CX contingent liability

On 28 April 2022 Nutun group, acting in their capacity as general partners of the Synergy Investment Partnership, acquired a 65% a shareholding in Nutun CX (Pty) Ltd (NCX) (previously Synergy Contact Centre (Pty) Ltd) and Synergy Outsource Limited (SOL) respectively, with an additional 10% shareholding in NCX and SOL being acquired during the 2023 financial year. In accordance with the Synergy Investment Partnership the limited partners have the option to put a portion of their right to the distributions of NCX and SOL to the Group, this right is effective and exercisable at the discretion of the limited partners from the 5th anniversary of original signature date (April 2027). In line with IAS 37.27 the Group has not recognised the contingent liability associated with this arrangement primarily due to the uncertainty surrounding whether the limited partners will exercise this right. In accordance with IAS 37.10, this is a possible obligation, as defined, that arises from a past event and whose existence will be confirmed only by the occurrence or non-occurrence of an uncertain future event not wholly within the control of the entity.

43 Shareholder spread at 30 September 2023

	Number of shareholders	Number of shares (million)	Number of shares (%)
Non-public			
Directors of Transaction Capital and its subsidiaries and their associates	33	124	16
Sub-total	33	124	16
Public			
Public Investment Corporation	1	120	15
Coronation Fund Managers	1	141	18
Royal Bafokeng Holdings	1	38	5
Aylett & Co	1	34	4
Remaining institutional shareholders	143	218	28
Retail investors	2 389	105	14
Sub-total	2 536	656	84
Total	2 569	780	100

44 Financial risk management

The group'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 group against the potential adverse effects of these financial risks.

The board is responsible for risk management and the setting of the risk management framework. Oversight of risk management is the responsibility of two board sub-committees; the asset and liability committee (ALCO) and the audit committee. ALCO monitors risks associated with liquidity and funding, interest rates, counterparties, currency exposures and capital adequacy. The audit committee monitors risks associated with financial reporting, accounting policies and internal control. The audit committee is responsible for risk management including setting the risk management framework, setting risk appetite and monitoring the group's management of risk including credit and compliance.

The responsibility for day-to-day management of risks falls on each of the respective subsidiary's chief executive officers and their executive committees. Risk management is managed at subsidiary level through the divisional executive committees and reviewed by each of the respective subsidiary boards. Group oversight is the responsibility of the group chief financial officer.

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 group 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 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.

44 Financial risk management continued

Financial assets

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 certain purchased credit-impaired loan portfolios that are either managed on a fair value basis or that do not meet the requirements to be measured at amortised cost (refer to other financial assets in note 11.2 of the consolidated annual financial statements).

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.

Financial assets at fair value through comprehensive income

Financial assets that are held at fair value through other comprehensive income include the effective portion of derivative financial instruments designated as cash flow hedging instruments.

Amortised cost and effective interest method

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

Loans and receivables (including trade and other receivables, other loans 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 and advances considered to be impaired on the statement of financial position is reduced through the use of an expected credit loss impairment methodology.

Purchased credit-impaired loan portfolios are portfolios of written-off consumer debts purchased at prices below the nominal receivable amounts. Purchased credit-impaired loan portfolios, other than those at fair value through profit and loss (referred to as other financial assets in note 11.2 of the consolidated annual financial statements), are reflected at amortised cost on a portfolio basis. Cost includes amounts payable to the vendor and other direct acquisition costs.

Purchased credit-impaired financial assets are those which are credit-impaired on initial recognition.

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 purchased credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the net carrying amount 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 29 of the consolidated annual financial statements).

44 Financial risk management continued

Financial assets continued

Impairment

The group 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. The group only recognises cumulative changes in lifetime expected losses since initial recognition on purchased credit-impaired assets such as purchased credit-impaired loan portfolios.

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 group 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 group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. This does not apply to purchased credit-impaired assets on which the group only recognises cumulative changes in lifetime expected losses since initial recognition as an impairment gain or loss and are disclosed as part of amortisation in cost of revenue.

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 group becomes party to the irrevocable commitment is considered the date of initial recognition for the purposes of applying the impairment requirements.

If the group 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.

44.1 Credit risk

Credit risk is the risk of loss arising from the failure of a client or counterparty to discharge an obligation to the group. The primary credit risks that the group are exposed to arise from finance leases to minibus taxi operators (SA Taxi) and private consumer vehicles (Gomo). Both SA Taxi and Gomo have strict policies for granting credit. Loans and advances comprise a large number of accounts which are secured by minibus taxis or private consumer vehicles. For SA Taxi, collections of instalments are made through a combination of cash and debit order collections, with 83.6% (2022: 83.8%) of the portfolio being cash payers. Gomo collects the majority of its instalments through debit order collections. The nature of SA Taxi's and Gomo's services does not result in significant concentration risks in unsecured credit. The portfolio of purchased book debts exposes the group to credit risk if they fail to perform in accordance with estimated net future cash flows. It is not the group's strategy to avoid credit risk, but rather to manage credit risk within the group's risk appetite and to earn an appropriate risk-adjusted return.

The group 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

Each subsidiary is responsible for the identification, measurement, management, control and reporting of credit risk within their business units. Exposure to credit losses is managed by assessing customers' affordability and their ability to repay loans and advances, a customer's risk profile, employment status and stability, earnings potential in the case of taxis and private consumer vehicles and collectability in the case of purchased book debts. Each of the group's lending businesses tends to have homogeneous or similar asset portfolios within their respective businesses. Impairments are monitored and provided for using statistical techniques including experiential and behavioral 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 group 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.

44 Financial risk management continued

44.1 Credit risk continued

Credit risk management and measurement continued

Measurement of expected credit losses (ECL)

The group 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 group is exposed to credit risk, and not a longer period, even if that period is consistent with business practice.

The measurement of ECL is a function of the probability of default (PD), loss given write-offs (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 group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

Modified financial assets

Standard term extensions

If the contractual cash flows of a financial asset have been renegotiated or modified and the financial asset was not derecognised, the group 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 standard 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 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 group understands that the client is unable to pay if the vehicle is out of operation.

SA Taxi

Debt rehabilitation program

SA Taxi's initial view on the COVID-19 impact on the business model was that both the taxi industry and commuter density would recover in the short to medium-term based on the business' two-decade long experience of the industry's resilience. Despite the taxi industry being the dominant source of public transport, SA Taxi believes that the minibus taxi environment is unlikely to rebound at a rate in line with the original expectations This change in outlook is due to certain structural changes within the industry and demonstrable shifts in customer behavior.

COVID-19 relief was previously granted to customers in the form of payment holidays which resulted in the partial capitalization 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 3 years, SA Taxi commenced with a debt rehabilitation program to support its customers with a total of 291 accounts (2022: 6 729 accounts) being restructured (the number of restructured accounts over the last two years represents 14.8% (2022: 18.7%) of the loan book). Up to 30 September 2022, the focus was primarily on extending the term of the contracts, amongst other relief measures and was 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 was extended in October 2022 with more focus towards rate reductions as an additional tool for debt rehabilitation with a net modification loss of R14.2 million (2022: R2.5 million) recognised in the current year, measured in accordance with the guidance of IFRS 9. In the current year, 191 accounts had interest rate concessions as part of their restructuring, and these accounts resulted in the net modification loss noted above (refer to note 30).

Customer performance on restructured accounts continues to be closely monitored. Given the continued stressed macro-economic environment – further debt restructures may continue to be performed in future periods.

44 Financial risk management continued

44.1 Credit risk continued

Credit risk management and measurement continued

SA Taxi continued

Macro-economic environment

The current financial year was an extremely challenging trading year for the SA Taxi business. Along with the industry experiencing the aftermath of multitude of black swan events including flooding, civil unrest etc., it has also had to deal with the deterioration of the macroeconomic environment – including higher interest rates, higher fuel prices, higher exchange rates, lower commuter density, loadshedding without a commensurate increase in commuter fares. This has had a significant impact on the collections performance of the underlying book and resulted in a severe deterioration of the stage distribution of the portfolio.

Method of provisioning

The credit committee is responsible for providing executive management and oversight over all credit risk arising within and impacting the SA Taxi balance sheet. Credit committee meetings are attended by the company chief executive officer, chief financial officer, and executive director of capital management and executive head of credit.

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

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

The expected loss model is developed using statistical techniques based on actual historical data. The expected loss is calculated for each active account, using parameter estimates including the probability of default (PD), 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 estimated selling price less repair costs, where applicable), discount rates and discount periods. Expected losses are also driven by the probability of repossession, and the expectation of repudiation of an insurance claim (where relevant).

SA Taxi 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 and 3, the lifetime expected loss is calculated.

SA Taxi 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 the SA Taxi 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. SA Taxi 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. Given the consideration of both aging and recency in management's credit risk assessment, the credit risk disclosures related to loans and advances have been bucketed further into the following categories as this provides a fair presentation of the underlying risk profiles of these assets:

- Neither past due nor impaired
- Past due but not impaired
- Impaired

Refer to note 44.1.1.5 for classification of the categories above into stages 1, 2 and 3.

SA Taxi's rebuttal is on segments that are never expected to be very large but which are appropriate for the business. SA Taxi 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.

SA Taxi 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 described above. Applying this approach ensures consistency between the accounting application, impairment modelling and internal credit risk management practices. The write-off of an asset occurs at the point of receipt of the recovery amount, following repossession (or write off, where applicable).

44 Financial risk management continued

44.1 Credit risk continued

Credit risk management and measurement continued

SA Taxi continued

Once a vehicle has been repossessed, and final recovery paid or received 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 that are still subject to enforcement activity amount to R1.7 billion (2022: R961 million). Refer to note 30 of the group consolidated financial statements.

Forward looking information

Management have considered a number of factors in their assessment of the application of forward looking information in the expected loss modelling, including:

- The use of the PD in the model (which considers 72 months of historical data and includes all impacts of the tough trading conditions of the past few years).
- Current distribution of the portfolio.
- Forward looking estimates of macro-economic conditions and how this might impact the performance of the book going forward.
- The relative importance of the taxi industry to South Africa.
- Future originations expectations and early vintages on latest originations.

Based on this assessment, management are comfortable that the 'expected loss model' is appropriately calibrated (through the use of the PD) and includes our best estimate of the level of 'stress' that is expected in the forward looking macro-economic environment.

In addition, SA Taxi 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 (given that they do not enhance or increase the underlying factors and considerations already applied in the modelling in terms of CD states, PD, LGW and EAD, hence they are not included. As part of the assessment of the LGW, SA Taxi have incorporated a forward-looking forecast for the mechanical repair costs and resale values, where applicable, as these have shown consistent trends over time. Continued management of parts procurement is expected to assist in mitigating inflationary effects on repair costs in the foreseeable future.

Current year – remeasurement of forward-looking impairment models

The industry has been under significant pressure since March 2020 and has continued to operate as an essential service provider under stressed conditions without any government support. In general, taxi routes remain profitable, but not all routes can necessarily support new entrants and/or support a financed vehicle given the continued stressed economic pressure on taxis which include increased vehicle prices, rising fuel costs, interest rate hikes, loadshedding, commuter density, higher inflation and increased parts prices.

Given SA Taxi's expectation that these market and economic conditions will continue into the foreseeable mid-term, our view is that there will be a contraction of the taxi credit market (more stress on marginal operators where performance is below pre-covid levels). Continuous changes to credit models have been made since 2020, with more structural changes required during 2023 to reposition the business for these conditions going forward. This includes rebasing the business to align with the current economic climate and customer behaviour which includes providing for higher expected credit losses on the loan portfolio as well as lower required originations on the front end given current risk appetite within the business. Lower levels of originations result in a lower repair requirement for the quality renewed product necessitating an update to a blended recovery to account for lower repaired units and, increased levels of salvage (where repossessed vehicles are disposed of at a salvage value). The business also continues to explore other second-hand vehicle options and alternate product constructs at differing price points to maximise recovery value and ensure client affordability where appropriate.

Further to this, over recent months SA Taxi has noted a resulting deterioration in customer behavior relating to the non-performing book (stage 3 loans and advances) with increased pressure from a collections perspective where customers are reprioritising cashflow to cover increasing operating costs given limited fare increases over the same period, together with increased levels of voluntary surrenders off the portfolio. SA Taxi will continue to refine operations in relation to managing the portfolio including expediting repossession activity to secure the asset sooner, where required.

SA Taxi has reflected this increased risk and expected blended recovery in its forward-looking provisioning models.

44 Financial risk management continued

44.1 Credit risk continued

Credit risk management and measurement continued

Gomo

Method of provisioning

The credit committee of Gomo is responsible for providing executive management and oversight over all credit risks arising within and impacting the balance sheet. Credit committee meetings are attended by the company's chief executive officer, chief financial officer, and head of credit.

The credit policy is designed to ensure that Gomo's credit processes are efficient for the applicant while providing Gomo with the necessary details to make informed credit decisions. Gomo's credit risk appetite, both the minimum and maximum levels of portfolio credit risk that Gomo is prepared to accept to achieve its objectives, are underpinned by its credit guidelines. This differentiates its willingness to consider a credit application based on three core areas:

- **Eligibility:** A list of compliance requirements, including those set out in the National Credit Act of 2005, as well as internal compliance measures
- **Affordability:** As per the criteria to conduct affordability assessment set out in the National Credit Regulations, including Affordability Assessment Regulations as per Government Gazette No.38557 (13 March 2015), augmented by the Shoprite Investments Limited case law as per the Case Number: A509/2107
- **Credit strategy:** The operational output of Gomo's credit application scorecard, which is the primary view of the underlying credit risk of an application, and serves as a platform where both the system approval rate and process flow are defined.

All new business that originated after passing each of the three abovementioned areas is assigned an ECL assumption, which is the periodic sum of credit losses anticipated over the life of a tranche of homogeneous credit risks. For this analysis, eligibility and affordability are assumed to be met, with differentiated distribution options of credit strategy to solve for both a minimum- and maximum level of ECL.

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 default (LGDs). Gomo has chosen to use the Implied Market LGD methodology as per IFRS 9 since the LGD under this methodology is measured based on expected asset value, which will be informed by WeBuyCars' vehicle value data. Once data volume suffices, Gomo may opt to move to a workout LGD methodology where the LGD is measured on actual data ensuring accuracy. Furthermore, given a default, the likelihood of a loss being incurred will, for the interim, be informed by subject matter expert advice, to be substantiated by actual data in time.

Accounts are written off according to a specific event i.e., repossession, assisted sale, salvage, insurance claims, no insurance and fraud, or period that lapsed in line with the relevant collection action. The period is calculated from the date the account is in default (Legal Workflow) and written off as soon as all collection action have been exhausted.

Significant increase in credit risk (SICR)

SICR, Gomo will evaluate two dimensions to ensure that the correct stage is assigned to the account for the ECL calculation. Gomo determines significant increases in credit risk using the dimensions of internal behavioural information (partial arrears) and external client information (credit bureau data).

Significant increase in credit risk, also known as SICR, checks whether your performing accounts (i.e., Stage 1 accounts) should not rather be Stage 2 due to partial arrears or bureau score deterioration and, hence, whether to hold 12-month (performing) or lifetime (underperforming) ECL. Two dimensions are used by the group to determine whether an account is classified as SICR, partial arrears and external client information. Regarding partial arrears, an account is classified as SICR if the account is in arrears by more than 65% of the instalment amount and less than 100% of the instalment amount. Regarding external client information, an account is classified as SICR if the externally sourced credit score of the account holder has deteriorated substantially between the origination date and evaluation date (i.e., Prism Score 4 <= 572 at the evaluation date and the initial score of the client is less than the score at evaluation). If either of the dimensions is met, the account will move from Stage 1 to Stage 2.

Definition of default

Gomo's definition of default is based on the SARB Directive 7 of 2015. Gomo has defined default as 90 days or more past due. If an account goes into a legal status or is under debt review, the account is included in the default population. When a restructure is performed due to the financial distress of the obligor, the restructure will be seen as a distressed restructure. Distressed restructures are also included in the default population for a monitoring period of 6 months after the restructure happened. During the current financial year, Gomo commenced with a debt restructure program, which included the extension of the term of contracts and interest rate concessions. The program has not had a material impact on financial performance in the current financial year. Customer performance on restructured accounts continues to be closely monitored. Given the continued stressed macro-economic environment – further debt restructures may continue to be performed in future periods.

44 Financial risk management continued

44.1 Credit risk continued

Credit risk management and measurement continued

Nutun

Investment process

Prior to the acquisition of purchased book debts (PBDs), there is a defined investment process that is followed in accordance with guidelines determined by a constituted investment committee. PBDs are acquired from various credit providers in multiple sectors. Valuations are determined by projecting the present value of anticipated monthly collections, net of directly attributable collection costs, using past performance characteristics applicable to similar PBDs. Said valuations are ultimately presented to the investment committee to decide upon pricing and bidding strategy.

Collections process

The Insights, Data & Enterprise Analytics (IDEA) team continually develops and recalibrates insights and analytics used by operations to optimise the collection processes, and infrastructure, associated with non-performing debt collected. The IDEA team continually develops and recalibrates insights and analytics used by operations to optimise the collection processes, and infrastructure, associated with non-performing debt collected.

Method of provisioning and fair valuing

PBDs are classified as purchased credit-impaired (POCI) financial assets (stage 3) on initial recognition based on the presumption that events that have a detrimental impact on the estimated future cash flows of these financial assets have occurred before acquisition and initial recognition. The classification of PBDs does not change subsequent to initial recognition, even in the unlikely event of the expected cash flows associated thereto returning to full contractual terms.

Any changes in lifetime ECLs are recognised in profit or loss via an amortisation expense. The group recognises favorable changes in lifetime ECLs as an impairment gain, also via the amortisation charge, even if lifetime ECLs are less than the amount of ECLs that were included in the estimated cash flows on initial recognition.

Nutun utilises statistical techniques and models to value PBDs on a monthly basis. Each PBD is modelled based on the collection activity applied to it. A combination of inflows applicable to each PBD and the direct, activity-based, cost projections applicable thereto are used to determine a net cash flow per month for 120 months, which is subsequently discounted to present value using a credit-adjusted effective interest rate to determine its amortised cost value. The movement in amortised cost value per month is recorded in the income statement.

Nutun continually performs statistical analysis on a multitude of macro-economic factors, namely, prime interest rates, unemployment rates, petrol prices, USD/ZAR exchange rates, GDPs and CPIs. Regression analysis shows that economic factors do not add explanatory information to the model as there is no significant correlation, hence they are not included in the analysis.

Carrying value of purchased book debts

The Nutun business model continues to gain relevance as the protracted effects of COVID-19 drive up indebtedness and impair consumers' ability to service their debt, leaving consumer facing entities with significantly larger NPL portfolios to manage.

Nutun group collections revenue grew 26% for the year, driven by new acquisitions performing above investment case, whilst existing book collection rates continue to recover in line with levels anticipated and provided for in our prior year results. Nutun will continue to amortise the carrying value of its purchased book debts at a more conservative rate than before the pandemic, further strengthening its balance sheet and improving its quality of earnings.

The impact of the adverse collection experienced since April 2020 caused by COVID-19, has been considered in the impairment model parameters – (i.e., we did not modify arrears and as a result we allowed accounts to age and roll forward without modification). These impairment model parameters have been applied in determining expected cash shortfalls arising from non-payment in the best estimate provision on the loan book as at 30 September 2023.

44 Financial risk management continued

44.1 Credit risk continued

44.1.1 Financial assets

44.1.1.1 Financial assets subject to risk

	Loans and advances* Rm	Other loans receivable Rm	Trade and other receivables** Rm	Purchased book debts Rm	Total Rm
2023					
Neither past due nor impaired	**5 372**	**101**	**1 019**	**–**	**6 492**
Past due but not impaired	**5 572**	**–**	**172**	**–**	**5 744**
Impaired	**6 322**	**13**	**14**	**–**	**6 349**
Purchased credit-impaired financial assets	**–**	**–**	**–**	**5 025**	**5 025**
Impairment allowance***	**(1 867)**	**(13)**	**(30)**	**–**	**(1 910)**
Performing loans and advances	**(263)**	**–**	**–**	**–**	**(263)**
Non-performing loans and advances	**(1 604)**	**–**	**–**	**–**	**(1 604)**
Non-performing other loans receivable	**–**	**(13)**	**–**	**–**	**(13)**
Non-performing trade and other receivables	**–**	**–**	**(30)**	**–**	**(30)**
Carrying value of financial assets	**15 399**	**101**	**1 175**	**5 025**	**21 700**

	Loans and advances* Rm	Other loans receivable Rm	Trade and other receivables** Rm	Purchased book debts Rm	Total Rm
2022					
Neither past due nor impaired	6 397	126	1 111	–	7 634
Past due but not impaired	5 817	–	63	–	5 880
Impaired	3 166	6	16	–	3 188
Purchased credit-impaired financial assets	–	–	–	4 208	4 208
Impairment allowance	(562)	(6)	(14)	–	(582)
Performing loans and advances	(271)	–	–	–	(271)
Non-performing loans and advances	(291)	–	–	–	(291)
Non-performing other loans receivable	–	(6)	–	–	(6)
Non-performing trade and other receivables	–	–	(14)	–	(14)
Carrying value of financial assets	14 818	126	1 176	4 208	20 328

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

** *Dealer incentive commissions, prepayments, VAT receivables and deposits relating to property purchase transactions are not financial assets and therefore have been excluded from trade and other receivables.*

*** *Provision coverage has increased in the current year as a result of rebasing the business to align with the current economic climate and customer behaviour which includes providing for higher expected credit losses on the loan portfolio as well as lower required originations on the front end given current risk appetite within the business which results in an overall lower blended recovery value. Stage 1 coverage has improved given the changes to credit origination risks being applied by the business, as well as reduced origination levels.*

44 Financial risk management continued

44.1 Credit risk continued

44.1.1 Financial assets continued

44.1.1.2 Valuation of collateral

The group typically holds taxis, and private consumer vehicles as collateral against secured advances. In SA Taxi, the taxis 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 secondhand 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. Valuations have been updated to limit vehicle price increases as well as account for SA Taxi's blended recovery (which assumes a mix of both repair and refinance as well as cash sale or salvage recovery) to align with the change in business strategy in the current year.

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.

	2023 Rm	2022 Rm
Related credit risk exposure and enhancements*		
Maximum exposure to credit risk of loans and advances	**17 266**	15 380
Impairment allowance	**(1 867)**	(562)
Maximum exposure to credit losses of loans and advances	**15 399**	14 818
Ceded insurance contract liabilities	**(798)**	(10)
Maximum exposure to credit losses of loans and advances (after the effect of ceded insurance contract liabilities)	**14 601**	14 808
Credit risk exposure mitigated through unguaranteed residual asset values held as collateral		
Total	**15 078**	15 765
Vehicles**	**1 828**	2 064
Insurance claim***	**13 250**	13 701
Total vehicles**	**1 828**	2 064
Fair value of collateral held for impaired financial assets	**677**	250
Fair value of collateral held for financial assets past due but not specifically impaired	**429**	404
Fair value of collateral held for financial assets neither past due nor impaired	**722**	1 410
Total insurance claim***	**13 250**	13 701
Fair value of collateral held for impaired financial assets	**3 694**	2 699
Fair value of collateral held for financial assets past due but not specifically impaired	**4 866**	5 009
Fair value of collateral held for financial assets neither past due nor impaired	**4 690**	5 993

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

** *Collateral relates to either vehicles alone (non Guardrisk), or in the event that a vehicle is repossessed, and customers are insured through Guardrisk, through a violation insurance claim. Collateral comprises an insurance claim (for absconsion and violation cover where customers are insured with Guardrisk from 1 September 2022 and vehicles (for customers not insured with Guardrisk). This is as a result of changes in terms and conditions of underlying insurance contracts effective from 1 September 2022.*

*** *Collateral values are shown excluding the impact of ceded insurance contract liabilities and the fair value of collateral held for impaired non-financial assets amounts to R28 million (2022: R145 million). The amendments to the T&Cs of the underlying insurance contracts since 1 September 2022 have resulted in collateral in the form of an insurance claim where the reduction in collateral value is due to the claim amount being limited to the loan exposure. Where the collateral value is greater than the loan exposure, this benefit accrues to the insurer and is not collateral for loans and advances.*

44 Financial risk management continued

44.1 Credit risk continued

44.1.1 Financial assets continued

44.1.1.3 Loans and advances that are neither due nor impaired

	2023 Rm	2022 Rm
Carrying amount of loans and advances that are neither past due nor impaired	**5 372**	6 397
Credit quality		
High	**2 039**	2 031
Medium	**1 281**	1 383
Low	**2 052**	2 983

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

SA Taxi and Gomo, in conjunction with TransUnion, have 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.

44.1.1.4 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 for both Gomo and SA Taxi, with Gomo also considering legal and/debt review status.

SA Taxi:

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 either a 12-month expected credit loss or a lifetime expected credit loss dependent on whether a significant increase in credit risk has incurred. The Company has defined a significant increase in credit risk as an account in arrears that did not make a qualifying payment in the most recent month. Of the R1.9 billion (2022: R1.8 billion) 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 R1.0 billion (55%) (2022: R1.4 billion (79%)) in the most recent month, with the remaining 45% (2022: 21%) being collected in the two months prior to the most recent month.

The 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 and prolonged economic strain (which is expected to continue in the mid-term) is embedded into the underlying impairment provision.

Gomo:

The impairment provision calculated on loans and advances disclosed as past due but not impaired are measured applying lifetime expected credit losses whilst the provision on neither past due nor impaired loans are based on 12-month expected credit losses unless the loan is classified as SICR.

Our models continue to reflect the customers' financial performance information while on book and historical performance remains a strong indicator of future performance with the underlying impairment provision in the current financial year.

Nutun:

IFRS 7.35M requires the disclosure of the gross carrying amount of financial assets that are purchased or originated credit-impaired financial assets. The net carrying amount (book value) of a financial asset is calculated as the gross carrying amount less the accumulated impairment loss allowance. Nutun's financial records have historically analysed the purchased book debts portfolio balance as purchase price less accumulated amortisation (refer note 28 for further information). The group has determined that it would be impracticable to calculate and disclose the gross carrying amount of the portfolio as the information required to appropriately disclose this is not available for older vintages contained in the portfolio. As the older vintages continue to reduce in size relevant to the total portfolio the group expects that the disclosures of the portfolio are expected to include the gross carrying amount as well as the accumulated impairment loss allowance in future.

44 Financial risk management continued

44.1 Credit risk continued

44.1.1 Financial assets continued

44.1.1.4 Financial assets that are past due but not impaired continued

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 Rm	Past due up to 1 – 2 months Rm	Past due up to 2 – 3 months Rm	Past due up to 3 – 4 months Rm	Past due older than 4 months Rm	Total Rm
2023						
Loans and advances*	**1 522**	**984**	**647**	**532**	**1 887**	**5 572**
Trade and other receivables	**86**	**40**	**21**	**19**	**6**	**172**
Financial assets that are past due but not impaired	**1 608**	**1 024**	**668**	**551**	**1 899**	**5 744**
2022						
Loans and advances*	2 009	1 172	505	293	1 838	5 817
Trade and other receivables	16	18	9	9	11	63
Financial assets that are past due but not impaired	2 025	1 190	514	302	1 849	5 880

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

44.1.1.5 Impairment provision reconciliation

Loans and advances	12-month expected credit losses Rm	Lifetime expected credit losses Rm	Credit impaired financial assets Rm	Total Rm
2023				
Balance at the beginning of the year	**3**	**268**	**291**	**562**
Originations	**15**	**19**	**51**	**85**
Existing book movements	**52**	**(88)**	**1 307**	**1 271**
Write-offs	**(1)**	**(3)**	**(43)**	**(47)**
Derecognition (settlements in the ordinary course of business)	**(1)**	**(1)**	**(2)**	**(4)**
Balance at the end of the year*	**68**	**195**	**1 604**	**1 867**
2022				
Balance at the beginning of the year	5	342	328	675
Originations	3	1	17	21
Existing book movements	(3)	(31)	47	13
Write-offs	(1)	(43)	(97)	(141)
Derecognition (settlements in the ordinary course of business)	(1)	(1)	(4)	(6)
Balance at the end of the year*	3	268	291	562

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

44 Financial risk management continued

44.1 Credit risk continued

44.1.1 Financial assets continued

44.1.1.5 Impairment provision reconciliation continued

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

Loans and advances	12-month expected credit losses Rm	Lifetime expected credit losses Rm	Credit impaired financial assets Rm	Total Rm
2023				
Neither past due nor impaired	**5 363**	**2**	**7**	**5 372**
Past due not impaired	**1 018**	**4 519**	**35**	**5 572**
Impaired	**–**	**–**	**6 322**	**6 322**
Impairment allowance	**(68)**	**(195)**	**(1 604)**	**(1 867)**
Performing loans and advances	**(68)**	**(195)**	**–**	**(263)**
Non-performing loans and advances	**–**	**–**	**(1 604)**	**(1 604)**
Carrying value of financial assets*	**6 358**	**4 433**	**4 608**	**15 399**
2022				
Neither past due nor impaired	6 396	1	–	6 397
Past due not impaired	1 316	4 501	–	5 817
Impaired	–	–	3 166	3 166
Impairment allowance	(3)	(268)	(291)	(562)
Performing loans and advances	(3)	(268)	–	(271)
Non-performing loans and advances	–	–	(291)	(291)
Carrying value of financial assets*	7 709	4 234	2 875	14 818

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

44.2 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 group 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.

44.2.1 Risk profile of financial assets and liabilities

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.

	Floating rate liabilities Rm	Floating rate assets Rm	Net floating rate liabilities Rm
2023			
Total	**24 968**	**15 364**	**(9 604)**
2022			
Total	21 191	14 758	(6 433)

44 Financial risk management continued

44.2 Interest rate risk continued

44.2.2 Weighted average interest rates

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

	2023		2022	
	Bank balances %	Borrowings %	Bank balances %	Borrowings %
Total	**5.7**	**11.2**	4.1	8.4

44.2.3 Interest rate sensitivity analysis

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

	Effect on profit before tax of 1% change in rates* Rm	Total carrying value of assets and liabilities Rm
30 September 2023		
Assets		
Loans and advances**	**154**	**15 399**
Fixed rate loans and advances***	**–**	**35**
Floating rate loans and advances	**154**	**15 364**
Purchased book debts	**50**	**5 025**
Leased assets	**<1**	**12**
Other investments	**9**	**850**
Other loans receivable	**-**	**101**
Trade and other receivables ***	**12**	**1 175**
Cash and cash equivalents	**21**	**2 138**
Total	**246**	**24 700**
Liabilities		
Interest-bearing liabilities	**250**	**25 393**
Fixed rate liabilities	**–**	**425**
Floating rate liabilities	**250**	**24 968**
Lease liabilities	**8**	**768**
Put option liability	**–**	**2 352**
Trade and other payables****	**15**	**1 482**
Other short-term borrowings	**<1**	**22**
Bank overdrafts	**6**	**594**
Total	**278**	**30 611**
Net exposure	**(32)**	**(5 911)**

* *The effect of a change in interest rates has been reflected as nil above for fixed rate financial assets and liabilities. The put option liability is discounted using the effective interest rate at inception date, and is therefore not subject to the risk of interest rate fluctuations.*

** *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 10 for more detail.*

*** *Dealer incentive commissions, prepayments, VAT receivables and deposits relating to property purchase transactions are not financial assets and therefore have been excluded from trade and other receivables.*

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

44 Financial risk management continued

44.2 Interest rate risk continued

44.2.3 Interest rate sensitivity analysis

	Effect on profit before tax of 1% change in rates Rm	Total carrying value of assets and liabilities Rm
30 September 2022		
Assets		
Loans and advances*	148	14 818
Fixed rate loans and advances	–	60
Floating rate loans and advances	148	14 758
Purchased book debts	42	4 208
Leased assets	<1	11
Other investments	14	1 426
Other loans receivable	–	126
Trade and other receivables**	12	1 176
Cash and cash equivalents	15	1 478
Total	231	23 243
Liabilities		
Interest-bearing liabilities	212	21 862
Fixed rate liabilities	–	671
Floating rate liabilities	212	21 191
Lease liabilities	7	715
Put option liability	–	4 042
Trade and other payables***	11	1 114
Other short-term borrowings	<1	23
Bank overdrafts	8	818
Total	238	28 574
Net Exposure	(7)	(5 331)

* *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 10 for more detail.*

** *Dealer incentive commissions, prepayments, VAT receivables and deposits relating to property purchase transactions are not financial assets and therefore have been excluded from trade and other receivables.*

*** *Revenue received in advance, deferred lease liabilities, VAT payables, leave pay 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, SOFR 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.

44 Financial risk management continued

44.3 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 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 group's capital markets (CM) team is responsible for executing on fund raising mandates given to it by subsidiaries in support of the 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.

It is the responsibility of each subsidiary to manage the 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 CM team of any changes to the business environment that may impact funding requirements.

During the current year, SA Taxi experienced liquidity strain as a result of the prolonged impact that the macro-economic environment has had on customer collection performance, amongst other factors. This has reduced collections off the underlying loan portfolios and had a significant impact on the subsidiary's ability to meet debt repayments. The group has therefore embarked on a debt restructure with its debt funders which aims at reprofiling the debt repayment profile to match the expectation of cash inflow generated off the portfolio for the SA Taxi business. The successful implementation of the debt restructure will result in the group having sufficient liquidity to support business operations for the foreseeable future. The group obtained covenant waivers to allow for the completion of the debt restructure, refer to note 48 for further details.

The group's balance sheet is well capitalised and liquid at a holding company level, underpinned by our conservative capital strategy. Prudent liquidity risk management implies maintaining sufficient cash and undrawn facilities and the availability of funding through adequate committed credit facilities.

The group's capital strategy remains appropriately conservative in the current conditions. with available funds of approximately R850 million in highly liquid money market investments, and unrestricted bank balances and call deposits of R1 020 million (30 September 2023).

Adherence with debt covenants

During the current year, SA Taxi experienced liquidity strain as a result of the prolonged impact that the macro-economic environment has had on customer collection performance, amongst other factors. This has reduced collections off the underlying loan portfolios and had a significant impact on the subsidiary's ability to meet debt repayments. The group has therefore embarked on a debt restructure with its debt funders which aims at reprofiling the debt repayment profile to match the expectation of cash inflow generated off the portfolio for the SA Taxi business. The successful implementation of the debt restructure will result in the group having sufficient liquidity to support business operations for the foreseeable future. Given that negotiations are ongoing, SA Taxi has obtained covenant waivers to 14 March 2024 to allow for the completion of the debt restructure, refer to note 48 for further details.

Due to the diversity of the group, debt covenants are different in each subsidiary and cover various performance based and balance sheet measures. No covenant breaches have been reported across the group as appropriate waivers or reporting deferrals have been obtained from relevant funders for loans with the SA Taxi and the GEO segments. As a result, the GEO segment debt of R1 590 million has been classified as current due to extension of the covenant waivers to 14 March 2024.

Gomo debt:

Gomo breached one of its debt undertakings in relation to the R466 million loan. Following a change in business strategy whereby Gomo now originates and cedes loans to its banking partner, Gomo ceased originating loans on its own balance sheet. This triggered a technical event of default. Gomo is consequently required to disclose its external debt as a current liability. Gomo has financial flexibility to support underlying business operations given that its lenders have continued to support the business and have agreed to support the business until the sale of the financed loan portfolio has been concluded.

44 Financial risk management continued

44.3 Liquidity risk management continued

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

		Undiscounted contractual cash flows							
	Carrying amount Rm	Total Rm	On demand Rm	Within 1 year Rm	From 1-2 years Rm	From 2-3 years Rm	From 3-4 years Rm	From 4-5 years Rm	More than 5 years Rm
2023									
Liabilities									
Bank overdrafts	**594**	**594**	**594**	**–**	**–**	**–**	**–**	**–**	**–**
Other short-term borrowings	**22**	**22**	**22**	**–**	**–**	**–**	**–**	**–**	**–**
Trade and other payables*	**1 475**	**1 501**	**523**	**590**	**388**	**–**	**–**	**–**	**–**
Derivative liabilities	**61**	**61**	**–**	**61**	**–**	**–**	**–**	**–**	**–**
Interest-bearing liabilities**	**25 393**	**32 548**	**466**	**10 983**	**6 910**	**5 748**	**3 114**	**2 348**	**2 979**
Lease liabilities (refer to note 24)	**768**	**978**	**–**	**235**	**183**	**151**	**137**	**88**	**184**
Put option liability	**2 352**	**2 637**	**–**	**439**	**1 033**	**1 165**	**–**	**–**	**–**
Financial liabilities	**30 665**	**38 341**	**1 605**	**12 308**	**8 514**	**7 064**	**3 251**	**2 436**	**3 163**
Non-financial liabilities	**2 960**	**2 790**	**1 469**	**1 321**	**–**	**–**	**–**	**–**	**–**
Total liabilities	**33 625**	**41 131**	**3 074**	**13 629**	**8 514**	**7 064**	**3 251**	**2 436**	**3 163**
2022									
Liabilities									
Bank overdrafts	818	818	818	–	–	–	–	–	–
Other short-term borrowings	23	23	23	–	–	–	–	–	–
Trade and other payables*	1 114	1 144	388	575	144	–	37	–	–
Derivative liabilities	19	19	–	19	–	–	–	–	–
Interest-bearing liabilities**	21 862	26 676	–	10 033	6 076	5 088	2 367	1 829	1 283
Put option liability	4 042	4 889	–	–	835	1 812	–	2 242	–
Lease liabilities	715	880	–	187	191	140	108	97	157
Financial liabilities	28 593	34 419	1 229	10 814	7 246	7 040	2 512	4 168	1 440
Non-financial liabilities	2 190	2 190	1 158	869	163	–	–	–	–
Total liabilities	30 783	36 609	2 387	11 683	7 379	7 040	2 512	4 168	1 440

* *Revenue received in advance, VAT payables, leave pay and bonus accruals are not financial liabilities and therefore have been excluded from trade and other payables and included in the non-financial liabilities.*
** *Future cash outflows in respect of interest bearing liabilities (capital and interest as per the cross currency swap, i.e. on a net hedged basis to the swap counterparty).*

44 Financial risk management continued

44.3 Liquidity risk management continued

The group has access to financing facilities as described below, of which R908 million were unused as at 2023 (2022: R6 165 million). The group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

	2023 Rm	2022 Rm
Unsecured bank overdraft facility, reviewed annually and payable on demand:		
Amount used	**200**	293
Amounts unused	**108**	7
Total	**308**	300
Secured bank overdraft and other short term facilities:		
Amount used	**416**	548
Amounts unused	**156**	317
Total	**572**	865
Unsecured bank loan facilities which may be extended by mutual agreement:		
Amount used	**466**	222
Amounts unused	**–**	128
Total	**466**	350
Secured bank loan and loan facilities which may be extended by mutual agreement:		
Amount used	**24 927**	21 640
Amounts unused	**644**	5 713
Total	**25 571**	27 353

44.4 Capital risk

The objective of the group's capital management strategy is to maximise shareholder value. To achieve this, the group considers the capital required to support growth in its operating divisions, to maintain credit ratings in group entities, to comply with borrowing covenants and for unexpected shocks.

The group defines capital as equity, group loans and subordinated and structurally subordinated debt.

Equity comprises permanent paid-up capital, revenue and other reserves.

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 strong capital position.

Refer to note 48 for further details regarding the group's capital risk management.

Capital management – insurance contracts

The group is required by Solvency Assessment and Management (SAM) to hold an excess of its assets over its insurance contract liabilities calculated on a regulatory basis. The requirement aims to ensure that the group is able to meet its obligations over the next 12 months. Breaching this requirement – the solvency capital requirements (SCR) – would result in supervisory intervention by the lead regulator and remedial actions designed to restore the SCR level of capital.

The SAM approach to the measurement of capital adequacy is primarily based on monitoring the relationship of the SCR to regulatory capital. The group complied with all externally imposed capital requirements during 2023 and 2022.

44 Financial risk management continued

44.5 Insurance risk

Insurance risk is the risk assumed under any insurance contract that the insured event occurs. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The group is exposed to different elements of insurance risks through its insurance contracts.

- For credit life:
  - **Mortality risk:** the risk of losses arising from death of policyholders being earlier than expected. The most significant factors that could increase the amount and frequency of claims are epidemics or widespread changes in lifestyle, resulting in earlier or more claims than expected; and
  - **Longevity risk:** the risk of losses arising from longer life of policyholders than expected.
- For comprehensive motor policies:
  - **Catastrophe risk:** the risk of incurring significant losses as a result of catastrophic events.
- All policies:
  - **Premium risk:** the risk that premiums charged to policyholders are less than claims cost on business written; and
  - **Reserve risk:** the risk that the claims reserves are insufficient to cover all claims.

By the very nature of an insurance contract, this risk is random and unpredictable. The exposure to insurance risk is limited through an underwriting strategy, underwriting limits, adopting appropriate risk assessment techniques and management of the cost of claim. These actions are described below.

SA Taxi – Insurance contracts

Underwriting strategy

The group's underwriting strategy seeks to attract SA Taxi's financed clients as well as non-financed clients. Strict underwriting guidelines for acceptance of new policies are maintained. Adequacy of the pricing structure is monitored through regular review of claims ratios.

Presentation of insurance contract liabilities

The group’s exposure to the underlying portfolio consists of both credit risk (measured in accordance with IFRS 9) and insurance risk (measured in accordance with IFRS 17). With respect to the measurement of the liability for remaining coverage, credit metrics are used as indicators for the severity of claim. To the extent that the insured event affects the recovery of the underlying asset and given that the assessment of risk and exposure on the underlying portfolio is considered on a group basis, a portion of the liability for remaining coverage relating to the active financed debtors and repossessed vehicle stock portfolios, is allocated to net loans and advances or inventory (where the repossessed vehicle stock has moved into a repair/realisation channel) in the notes to the statement of financial position as these insurance contract liabilities reduce the group’s overall exposure related to these assets.

Policies for mitigating the risk of fraudulent claims

SA Taxi is exposed to the risk of false, invalid and exaggerated claims. Fraud detection measures are put in place to improve the group's ability to proactively detect fraudulent claims.

44 Financial risk management continued

44.5 Insurance risk continued

Claims development and management

Appointment of authorised assessors and repair centres, as well as different excess structures are monitored and maintained. Management continues to manage the cost of claim effectively through product mix, operational efficiencies in the procurement of parts as well as through the significant investment in SA Taxi Auto Parts during the previous financial years.

Current economic environment

There has been a significant impact on the claims cost associated with AVCS cover during the current year given the current economic environment and business model update. Repossession levels remain higher than historical norms, and given the lower level of repossessed vehicles we intend to refurbish and refinance going forward this has had a significant impact on overall recovery values. Management continues to assess the underlying increased risk of the portfolio in this stressed economic climate.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus a liquidity premium where applicable. Risk-free rates are determined by reference to the ZAR NCDs. NCDs are readily available and is an appropriate representation of the risk-free rate. The liquidity premium is determined by reference to observable market rates, including sovereign debt, corporate debt and market swap rates.

The weighted average discount rate applied for discounting of future cash flows is listed below:

	Portfolio duration 12 months	
	2023	2022
Insurance contracts issued	**8.9%**	7.1%

The liquidity premium that is added to the risk free rate is 83 bps at 30 September 2023 (83 bps at 30 September 2022).

44.5.1 Sensitivities on significant unobservable parameters applied include:

The insurance claim liabilities are sensitive to the key assumptions as per the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. The method used for deriving sensitivity information and significant assumptions is in accordance with Short-Term Insurance Regulations.

Potential effect recorded directly in profit and loss.

	2023			2022	
Significant unobservable parameters applied*	**Change in assumption**	**Favourable Rm**	**Unfavourable Rm**	Favourable Rm	Unfavourable Rm
Short-term motor comprehensive policy – financed portfolio					
Discount rate	**100bps**	**–**	**–**	<1	(<1)
Probability of repossession	**10.0%**	**43**	**(42)**	15	(13)
Premiums charged	**10.0%**	**28**	**(28)**	31	(31)
Insurance perils	**10.0%**	**17**	**(17)**	19	(19)
Salvage recovery value	**10.0%**	**9**	**(9)**	3	(3)
Cost of repair	**10.0%**	**24**	**(24)**	8	(8)
Repair/salvage curve	**5.0%**	**31**	**(31)**	–	–
Credit life portfolio					
Discount rate	**100bps**	**<1**	**(<1)**	<1	(<1)
Probability of defaults	**10.0%**	**<1**	**(<1)**	<1	(<1)
Premiums charged	**10.0%**	**<1**	**(<1)**	<1	(<1)
Mortality rates	**10.0%**	**<1**	**(<1)**	<1	(<1)
Short-term motor comprehensive policy – financed and non-financed					
Discount rate	**100bps**	**<1**	**(<1)**	1	(1)
Ultimate loss rate gross claims	**1.0%**	**3**	**(3)**	3	(3)
Salvage value	**10.0%**	**<1**	**(<1)**	<1	(<1)
Development factor	**Smoothed**	**5**	**(5)**	2	(2)

* *These represent the significant unobservable parameters applied in the actuarial model.*

44 Financial risk management continued

44.5 Insurance risk continued

44.5.2 Maturity analysis for insurance contract liabilities

The following table summarises the maturity profile of groups of insurance contracts issued that are liabilities of the group based on the estimates of the undiscounted future cash flows expected to be paid out in the periods presented:

2023	Up to 1 year Rm	1-2 years Rm	2-3 years Rm	Total Rm
Short-term motor comprehensive policy – financed portfolio	**444**	**6**	**1**	**451**
Credit life portfolio	**37**	**–**	**–**	**37**
Short-term motor comprehensive policy – non financed portfolio	**15**	**1**	**<1**	**16**
Total	**496**	**7**	**1**	**504**

2022	Up to 1 year Rm	1-2 years Rm	2-3 years Rm	Total Rm
Short-term motor comprehensive policy – financed portfolio	114	7	1	122
Credit life portfolio	8	–	–	8
Short-term motor comprehensive policy – non financed portfolio	23	2	<1	25
Total	145	9	1	155

Amounts less than R500 000 are reflected as "<1".

The maturity analysis for insurance contract liabilities are presented excluding risk adjustments and the impact of discounting. The maturity profile of the short-term motor comprehensive policy – financed portfolio has been presented considering the measurement applicable under the new terms and conditions of the insurance contract (refer to note 22 for more detail).

44.6 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 foreign currencies to which the group has material exposure are Australian Dollars and US Dollars. Where the timing of future cash flows can be predicted with relative certainty, this risk is managed by entering into forward exchange contracts at the time the risk arises.

The following significant exchange rates were applied during the year:

	Average rate		Reporting date closing rate	
	2023	2022	**2023**	2022
US Dollar	**18.2**	15.8	**18.8**	17.9
Euro	**19.4**	17.1	**19.9**	17.6
British Pound	**22.3**	20.2	**23.5**	20.1
Pula	**1.0**	1.3	**1.0**	1.4
Australian Dollar	**12.1**	11.3	**12.2**	11.7
Fijian Dollar	**8.0**	7.3	**8.0**	7.9

44 Financial risk management continued

44.6 Currency risk

44.6.1 The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2023 Rm	**2022 Rm**	**2023 Rm**	**2022 Rm**
Foreign amounts included in the financial statements at the end of the financial year:				
US Dollar	**4 147**	2 658	**22**	4
Euro	**–**	–	**3**	74
British Pound	**2**	–	**208**	69
Pula	**1**	–	**1**	2
Australian Dollar	**12**	62	**232**	44
Fijian Dollar	**1**	1	**4**	6

Currency risk arising from exposure to US Dollars currencies has been effectively managed through cross-currency swaps that exactly hedge the contractual cash flows over the life of the foreign currency funding. Refer to note 44.8 for hedge accounting disclosure.

44.6.2 Foreign currency sensitivity analysis

The following table details the group's sensitivity to a 10% increase and decrease in the Rand against the relevant foreign currencies (excluding USD foreign currencies which are fully hedged). 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is a currency other than the functional currency of the lender or the borrower. A negative number below indicates a decrease in profit or equity where the Rand strengthens 10% against the relevant currency. For a 10% weakening of the Rand against the relevant currency, there would be a equal and opposite impact on the profit or equity, and the balances below would be positive.

	2023 Rm	**2022 Rm**
Profit or loss	**18**	9
Equity	**28**	4

44 Financial risk management continued

44.7 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. Specifically loans and advances for entry-level vehicles, the shortfall book and certain purchased book debts that are managed on a fair value basis.

The value of the purchased book debts managed on a fair value basis may change over time through the collection of underlying amounts that did not form part of the initial ring-fenced purchased book debt. The quantum of the return is also impacted by the quality of the collection services performed, rather than services associated with normal lending arrangements. On this basis, therefore, the cash flows collected on these books do not present solely payments of principal and interest on the principal amount outstanding.

The entry-level vehicle book and the shortfall book are managed differently to the premium book. Entry-level vehicles and the shortfall book do not meet the requirement to be measured at amortised cost as they are not held within a business model whose objective is to collect contractual cash flows but are held to either realise value from the underlying collateral of the vehicle itself for entry-level vehicle book or recovered through a sales transaction to a collection agent for the shortfall book.

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 readily 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 recognised 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 realised 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.

44 Financial risk management continued

44.7 Fair value disclosure continued

The following 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 the fair value.

	2023					2022				
	Carrying value Rm	Total fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Carrying value Rm	Total fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Assets										
Loans and advances*	**15 399**	**15 427**	**–**	**–**	**15 427**	14 818	14 824	–	–	14 824
Principal book portfolio**	**4 398**	**4 398**	**–**	**–**	**4 398**	3 785	3 785	–	–	3 785
Financial assets at amortised cost	**19 797**	**19 825**	**–**	**–**	**19 825**	18 603	18 609	–	–	18 609
Liabilities										
Interest-bearing liabilities	**25 393**	**25 642**	**–**	**–**	**25 642**	21 862	22 139	–	–	22 139
Fixed rate liabilities	**429**	**422**	**–**	**–**	**422**	671	672	–	–	672
Floating rate liabilities	**24 964**	**25 220**	**–**	**–**	**25 220**	21 191	21 467	–	–	21 467
Put option liability	**2 352**	**2 091**	**–**	**–**	**2 091**	4 042	3 758	–	–	3 758
Financial liabilities at amortised cost	**27 745**	**27 733**	**–**	**–**	**27 733**	25 904	25 897	–	–	25 897

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

** *The comparative period for principal book portfolios has been restated as part of the revised presentation of purchased book debts. The amount disclosed relates to principal book portfolios only which are not measured at fair value.*

44 Financial risk management continued

44.7 Fair value disclosure continued

Valuation 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. Loans and advances for entry-level vehicles and the shortfall book are carried at fair value, refer "level disclosure" on note 44.10 for additional information in this regard. The assumptions determining these fair values have been reassessed during the current year. Underlying changes in fair value is recognised in impairment in profit or loss. Loans and advances for entry-level vehicles: the fair value is determined with reference to an average collateral value, as a result of the business model changes. The fair value for loans and advances for entry-level vehicles has been set to zero as a result of the business model changes and the shift in management's focus on core strategic assets.

Purchased book debt is held at amortised cost. The balance at year end is calculated based on the expected future cash flows which are adjusted for risk as it takes historical cash flows into account to predict forecasted cash flows. The fair value of purchased book debt is determined by adjusting the discount rate from the credit-adjusted effective interest rate to a current market related discount rate and adjusting the expected cash flows for risk, therefore the carrying value approximates the fair value.

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 put option liabilities over non-controlling interests are carried at amortised cost. The fair values of the put option liabilities are calculated by applying a price earnings multiple to the profits of Synergy and the adjusted profits of WBC for a 12-month ending on the year in which the put is exercised. The re-measured value is calculated by adjusting the discount rate to a current effective lending rate.

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.

44.8 Hedge accounting

The group 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 group uses derivative financial instruments to manage its exposure to foreign exchange and interest rate risk. The group does not hold or issue derivative financial instruments for trading purposes. The group designates certain derivatives in respect of foreign currency risk 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 group 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.

Modifications are assessed to determine if the modification is substantial. The modification of a financial instrument can result in the derecognition of a financial asset or financial liability, the recognition of a new financial instrument and the recognition of the resulting gain or loss in the statement of profit or loss following a substantial modification. The derecognition of a financial instrument designated as a hedging instrument or hedged item will result in the discontinuation of the hedging relationship. A substantial modification of the terms of the derivative designated as the hedging instrument results in a discontinuation of hedge accounting. The hedging relationship with the new derivative needs is tested for hedge effectiveness.

Hedge accounting is discontinued when the hedge no longer meets the risk management objective on the basis of which it qualified for hedge accounting, i.e., the company no longer pursues the risk management objective.

44 Financial risk management continued

44.8 Hedge accounting continued

Cash flow hedges of foreign currency risk

The group uses cross-currency swaps to hedge the foreign currency risks arising from interest-bearing liabilities.

Hedge accounting is used for derivatives designated in this way, provided specific criteria are met. The group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Foreign exchange risk arises when the assets and liabilities are not denominated in the functional currency of the transacting entity. The group's policy is that such exposures should be hedged subject to a review of the specific circumstances of the exposure. The currency exposure under such funding has been hedged through a series of cross-currency swaps that match the timing and amount of each periodic cash flow obligation in terms of the currency funding.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the cash flow hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Where the forecast transaction or a foreign currency firm commitment results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset. Hedge accounting is discontinued when the group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

The ineffective portion of fair value movements of hedging instruments for 2023 was nil (2022:nil).

Fair value hedges of interest rate risk

The group 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 group 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 group 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 R53 million (2022: R19 million). The nominal value is equal to the capital amount of the hedged item.

	2023 Rm	2022 Rm
Derivative assets held for risk management		
Interest rate swaps	**5**	2
Cross-currency swaps	**468**	422
Total	**473**	424
Derivative liabilities held for risk management		
Interest rate swaps	**9**	12
Cross-currency swaps	**52**	7
Total	**61**	19

44 Financial risk management continued

44.8 Hedge accounting continued

Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss,or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

	2023 Rm	2022 Rm
Balance at the beginning of the year	**(19)**	(4)
Losses (net of tax) arising on changes in fair value of hedging instruments entered into for cash flow hedges	**(30)**	(288)
Cross-currency swaps	**(30)**	(288)
Gains (net of tax) arising on changes in fair value of hedging instruments reclassified to profit or loss	**–**	273
Cross-currency swaps	**–**	273
Balance at the end of the year	**(49)**	(19)

(Gains)/losses arising on changes in fair value of hedging instruments reclassified from equity into profit or loss during the year are included in operating costs in the statement of comprehensive income.

The time periods in which the hedged cash flows are expected to occur and affect the consolidated statement of comprehensive income are as follows:

	<1 year Rm	1 – 5 years Rm	>5 years Rm	Total Rm
2023				
Cash outflows	**(51)**	**(10)**	**(3)**	**(64)**
Cash inflows	**174**	**325**	**47**	**546**
Total cash flows*	**123**	**315**	**44**	**482**

	<1 year Rm	1 – 5 years Rm	>5 years Rm	Total Rm
2022				
Cash outflows	–	(2)	–	(2)
Cash inflows	122	321	–	443
Total cash flows*	122	319	–	441

* *In line with IFRS 7 paragraph 23B(a), the disclosure reflects the timing of the nominal amount of the hedging instrument only.*

44 Financial risk management continued

44.8 Hedge accounting continued

Hedging instruments per risk category

2023	Notional amount* Nominal amount (USD-millions)	Local currency (ZAR-millions)	Carrying amount of hedging instrument Assets Rm	Liabilities Rm	Hedge ineffectiveness Rm
Cash flow hedges					
Foreign exchange risk					
Cross-currency swaps	**226**	**4 147**	**467**	**(52)**	**–**
Fair value hedges					
Interest rate risk					
Interest rate swaps	**n/a**	**169**	**5**	**(9)**	**–**

2022	Notional amount* Nominal amount (USD-millions)	Local currency (ZAR-millions)	Carrying amount of hedging instrument Assets Rm	Liabilities Rm	Hedge ineffectiveness Rm
Cash flow hedges					
Foreign exchange risk					
Cross-currency swaps	156	2 658	422	(7)	–
Fair value hedges					
Interest rate risk					
Interest rate swaps	n/a	303	2	(12)	–

* *This represents the gross notional amounts of all outstanding contracts at year end.*

Interest rate benchmarks and reference to interest rate reforms

During the year, the group transitioned to a new interest base rate in line with the reform of the major interest rate benchmarks used globally by financial market participants. The reform replaces existing interbank offered rates (IBORs) with alternative risk-free rates to improve market efficiency and mitigate systemic risk across financial markets. The transition deadline was effective for SA Taxi Impact Fund (Pty) Ltd for the interest period commencing 15 May 2023 and SA Taxi Development Finance (Pty) Ltd for the interest period commencing from 15 June 2023. USD LIBOR cross-currency interest rate swaps were transitioned to USD SOFR cross-currency interest rate swaps that are used to hedge the foreign currency and interest rate risks arising from foreign denominated interest-bearing liabilities. The transition from LIBOR to USD SOFR cross-currency interest rate swaps occurred on an 'economically equivalent' basis. The quantitative impact over the remaining term of the hedge instrument and item assuming no change in the 3M SOFR rate would result in an additional R4.3 million interest expense over the remaining term of the respective interest-bearing liabilities which is not considered to be material for the group.

JIBAR interest rate swaps exchanging fixed rate interest for floating rate liabilities and assets were not transitioned to a new interest base rate. The group continues to monitor the industry and is engaging with the relevant market participants in this regard. The most efficient outcome will be sought that is aligned with market practice and requirements of the various counterparties.

44 Financial risk management continued

44.9 Statement of financial position categories

	At fair value through profit and loss* Rm	At fair value through other comprehensive income Rm	Financial assets carried at amortised cost Rm	Financial liabilities carried at amortised cost Rm	Non financial liabilities or non financial assets Rm	Equity Rm	Total Rm
2023							
Assets							
Cash and cash equivalents	–	–	2 138	–	–	–	2 138
Other investments	850	–	–	–	–	–	850
Tax receivables	–	–	–	–	19	–	19
Trade and other receivables	–	–	1 175	–	638	–	1 813
Inventories**	–	–	–	–	3 005	–	3 005
Assets classified as held for sale	–	–	–	–	119	–	119
Reinsurance contract assets	–	–	–	–	44	–	44
Leased assets	–	–	12	–	–	–	12
Loans and advances**	7	–	15 392	–	28	–	15 427
Purchased book debts	627	–	4 398	–	–	–	5 025
Other loans receivable	–	–	101	–	–	–	101
Derivative assets	432	467	–	–	–	–	899
Equity accounted investments	–	–	–	–	1 063	–	1 063
Intangible assets	–	–	–	–	3 415	–	3 415
Property and equipment	–	–	–	–	2 077	–	2 077
Goodwill	–	–	–	–	5 250	–	5 250
Deferred tax assets	–	–	–	–	369	–	369
Total assets	1 916	468	23 216	–	16 027	–	41 626
Equity and liabilities							
Liabilities							–
Bank overdrafts	–	–	–	594	–	–	594
Other short-term borrowings	–	–	–	22	–	–	22
Tax payables	–	–	–	–	38	–	38
Trade and other payables	457	–	–	1 044	519	–	2 020
Provisions	–	–	–	–	6	–	6
Liabilities directly associated with assets held for sale	–	–	–	–	5	–	5
Insurance contract liabilities	–	–	–	–	994	–	994
Put option liability	–	–	–	2 352	–	–	2 352
Derivative liabilities	9	52	–	–	–	–	61
Interest-bearing liabilities	–	–	–	25 393	–	–	25 393
Lease liabilities	–	–	–	768	–	–	768
Deferred tax liabilities	–	–	–	–	1 378	–	1 378
Total liabilities	466	52	–	30 173	2 940	–	33 631
Equity							
Ordinary share capital	–	–	–	–	–	5 267	5 267
Put Option reserve	–	–	–	–	–	(4 117)	(4 117)
Other reserves	–	–	–	–	–	370	370
Retained earnings	–	–	–	–	–	5 414	5 414
Equity attributable to ordinary equity holders of the parent	–	–	–	–	–	6 934	6 934
Non-controlling interest		–	–	–	–	1 061	1 061
Total equity	–	–	–	–	–	7 995	7 995
Total equity and liabilities	466	52	–	30 173	2 941	7 995	41 626

* *Loans and advances and purchased book debts at fair value through profit and loss have been designated as at fair value through profit and loss at initial recognition. Trade and other payables at fair value through profit and loss have been mandatorily designated as at fair value through profit and loss.*

** *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.*

44 Financial risk management continued

44.9 Statement of financial position categories continued

	At fair value through profit and loss* Rm	At fair value through other comprehensive income Rm	Financial assets carried at amortised cost Rm	Financial liabilities carried at amortised cost Rm	Non-financial liabilities or financial assets Rm	Equity Rm	Total Rm
2022							
Assets							
Cash and cash equivalents	–	–	1 478	–	–	–	1 478
Tax receivables	–	–	–	–	28	–	28
Trade and other receivables	–	–	1 176	–	747	–	1 923
Inventories**	–	–	–	–	3 790	–	3 790
Assets classified as held for sale	–	–	–	–	371	–	371
Loans and advances**	43	–	14 775	–	144	–	14 962
Leased assets	–	–	11	–	–	–	11
Purchased book debts	423	–	3 785	–	–	–	4 208
Other loans receivable	–	–	126	–	–	–	126
Derivative assets	271	422	–	–	–	–	693
Other investments	1 426	–	–	–	–	–	1 426
Equity accounted investments	–	–	–	–	1 097	–	1 097
Intangible assets	–	–	–	–	3 336	–	3 336
Property and equipment	–	–	–	–	1 900	–	1 900
Goodwill	–	–	–	–	4 754	–	4 754
Deferred tax assets	–	–	–	–	272	–	272
Total assets	2 163	422	21 351	–	16 439	–	40 375
Liabilities							
Bank overdrafts	–	–	–	818	–	–	818
Other short-term borrowings	–	–	–	23	–	–	23
Tax payables	–	–	–	–	58	–	58
Trade and other payables***	272	–	–	920	413	–	1 605
Provisions	–	–	–	–	32	–	32
Liabilities directly associated with assets held for sale	–	–	–	–	21	–	21
Insurance contract liabilities**	–	–	–	–	180	–	180
Put option liability	–	–	–	4 042	–	–	4 042
Derivative liabilities	13	7	–	–	–	–	20
Interest-bearing liabilities	–	–	–	21 862	–	–	21 862
Lease liabilities	–	–	–	715	–	–	715
Deferred tax liabilities	–	–	–	–	1 408	–	1 408
Total liabilities	285	7	–	28 380	2 112	–	30 784
Equity							
Ordinary share capital	–	–	–	–	–	5 179	5 179
Put option reserve						(4 307)	(4 307)
Other reserves	–	–	–	–	–	327	327
Retained earnings	–	–	–	–	–	6 757	6 757
Equity attributable to ordinary equity holders of the parent	–	–	–	–	–	7 956	7 956
Non-controlling interest	–	–	–	–	–	1 636	1 636
Total equity	–	–	–	–	–	9 592	9 592
Total equity and liabilities	285	7	–	28 380	2 112	9 592	40 376

* *Loans and advances and purchased book debts at fair value through profit and loss have been designated as at fair value through profit and loss at initial recognition. Trade and other payables at fair value through profit and loss have been mandatorily designated as at fair value through profit and loss.*

** *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 10 for more detail.*

*** *Leave pay accrual of R99 million has been corrected for the classification from provision to trade and other payables.*

44 Financial risk management continued

44.10 Level disclosure

2023	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets at fair value through profit and loss				
Loans and advances: entry-level vehicles	–	–	7	7
Other financial assets	–	–	627	627
Other investments**	850	–	–	850
Derivatives***	–	5	426	431
Financial assets at fair value through other comprehensive income				
Derivatives***	–	468	–	468
Total financial assets	850	473	1 060	2 383
Financial liabilities at fair value through profit and loss				
Derivatives***	–	9	–	9
Contingent consideration	–	–	457	457
Financial liabilities at fair value through other comprehensive income				
Derivatives***	–	52	–	52
Total financial liabilities	–	61	457	518

2022	Level 1 Audited Rm	Level 2 Audited Rm	Level 3 Audited Rm	Total Audited Rm
Financial assets at fair value through profit and loss				
Loans and advances: entry-level vehicles	–	–	18	18
Loans and advances: shortfall book*	–	–	25	25
Other financial assets	–	–	423	423
Other investments**	1 381	–	45	1 426
Derivatives***	–	2	269	271
Financial assets at fair value through other comprehensive income				
Derivatives***	–	422	–	422
Total financial assets	1 381	424	780	2 585
Financial liabilities at fair value through profit and loss**				
Derivatives***	–	13	–	13
Contingent consideration	–	–	272	272
Financial liabilities at fair value through other comprehensive income				
Derivatives ***	–	7	–	7
Total financial liabilities	-	20	272	292

* *The shortfall book was classified as a financial asset at fair value through profit or loss as its value would have been recovered through a sales transaction to collection agents by the group. During the current financial period the shortfall book was written off due to adverse market conditions.*

** *Other investments which have been categorised in level 1 comprise money market fund investments. The balance of other investments is categorised as level 3.*

*** *Derivatives consist of the following:*

- The group enters into derivative financial instruments with respective counterparties. Interest rate swaps and cross-currency swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves. These are categorised as level 2.
- The group, through WBC Holdings is party to a call option over the 25.1% shareholding in WBC Holdings. The call option is valued using a Black Scholes model taking into account the market value of WBC Holdings as well as the exercise price per the formula included in the WBC Holdings shareholders agreement. The call option derivative is categorised as level 3.

44. Financial risk management continued

44.10 Level disclosure continued

Valuation methods and assumptions:

Loans and advances for entry-level vehicles: The fair value was calculated using an income approach (estimating and discounting future cashflow) as well as the average collateral value. These represent the significant unobservable parameters applied in the fair value model. The expected cash flows were estimated using a lifetime expected loss model which is consistent with the IFRS 9 provision methodology. The expected cashflows were then discounted at the market related discount rate of 25% to yield a fair value of the total loans and advances for entry-level vehicles.

Other Financial Assets: The valuation of Other Financial Assets is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These represent the significant unobservable parameters applied in the fair value model. The group estimates the expected cash flows by considering all the contractual terms of the financial instrument. The discount rate applied to the expected future cash flows reflects specific risk premiums relating to the asset. This includes government risk, single project customer, no previous experience with client and small stock premium for valuations less than R250 million. The discount rate applied to the additional purchase price is based on the current South African prime interest rate.

Other investments: The following valuation methods are used for other investments:

- The value of money market investments is determined by fund managers on a net asset value basis, which is the total value of the all assets in the portfolio including any income accrual and less permissible deductions from portfolio divided by the number of participatory interests in issue. Unit prices as calculated by fund managers and published daily.
- The value of other investments excluding money market investments are determined using applicable valuation techniques (commonly used by market participants for a similar investment) which use relevant observable inputs to the extent these are available and where unavailable, unobservable inputs are used.

Interest rate and cross currency swaps: The group enters into derivative financial instruments with respective counterparties. Interest rate swaps and cross-currency swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves.

Call option derivative: The call option derivative is initially recognised by the Group at fair value and subsequently measured at fair value through profit or loss. The call option derivative is a level 3 instrument in the fair value hierarchy. The call derivative is not traded in an active market and therefore the fair value is determined using a valuation technique. The valuation was performed using a Black Scholes model taking into account the spot price of WBC Holdings as well as the exercise price per the formula included in the WBC Holdings shareholders agreement. The spot price has been determined per independent valuation of WBC Holdings performed at 30 September 2023. Other inputs into the valuation model include time to expiration, risk free rate, expected dividend yield for WBC Holdings as well as the expected volatility.

Contingent consideration: The group is party to acquisitions of subsidiaries which contain contingent payments arrangements. The valuation of the contingent considerations is based on the estimated future cash flows as determined in terms of the specific purchase agreement. The fair values of the contingent liabilities are remeasured at each reporting date.

44 Financial risk management continued

44.10 Level disclosure continued

Reconciliation of level 3 fair value measurements of financial assets and liabilities

2023	Fair value through profit or loss Rm	Total Rm
Financial assets		
Opening balance	**780**	**780**
Total gains or losses		
In profit or loss	**476**	**476**
Other movements*	**(196)**	**(196)**
Closing balance of fair value measurement for financial assets	**1 060**	**1 060**
Opening balance	**272**	**272**
Total gains or losses		
In profit or loss	**24**	**24**
Other movements*	**161**	**161**
Closing balance of fair value measurement for financial liabilities	**457**	**457**

2022	Fair value through profit or loss Rm	Total Rm
Financial assets		
Opening balance	338	338
Initial recognition of additional financial assets		
Total gains or losses		
In profit or loss	312	312
Other movements*	130	130
Closing balance of fair value measurement for financial assets	780	780
Financial liabilities		
Opening balance	166	166
Total gains or losses		
In profit or loss	(46)	(46)
Other movements*	152	152
Closing balance of fair value measurement for financial liabilities	272	272

* *Other movements include the following:*
- *charges on accounts less collections received, fair value gains and losses and write-offs on loans for entry-level vehicles.*
- *the recognition/derecognition of contingent liabilities resulting from business combinations in terms of IFRS 3: Business Combinations*

44 Financial risk management continued

44.10 Level disclosure continued

Sensitivity analysis of valuations using unobservable inputs

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

Movement in fair value given the 10% change in significant assumptions.

	2023		2022	
Loans and advances: shortfall book*	**10% Increase Rm**	**10% Decrease Rm**	10% Increase Rm	10% Decrease Rm
Significant unobservable input and description of assumption				
Cent in the Rand	–	–	3	(3)
Total	–	–	3	(3)

* *The shortfall book was written off in the current period due to adverse market conditions.*

	2023		2022	
Loans and advances: entry-level vehicles*	**10% Increase Rm**	**10% Decrease Rm**	10% Increase Rm	10% Decrease Rm
Significant unobservable input and description of assumption**				
Average collateral value	**<1**	**<1**	1	(1)
Discount rate: the rate used to discount projected future cash flows to present value	**n/a**	**n/a**	1	(<1)
Total	–	–	2	(1)

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

** *These represent the significant unobservable parameters applied in the fair value model.*

Amounts less than R500 000 are reflected as "<1".

	2023		2022	
Other financial assets	**10% Increase Rm**	**10% Decrease Rm**	10% Increase Rm	10% Decrease Rm
Significant unobservable input and description of assumption				
Cash flows: change in the expected revenue	**59**	**(59)**	34	(34)
Cash flows: change in expected costs	**6**	**(6)**	3	(3)
Discount rate: the rate used to discount projected future cash flows to present value	**27**	**(25)**	15	(14)
Total	**92**	**(90)**	52	(51)

44 Financial risk management continued

44.10 Level disclosure continued

Sensitivity analysis of valuations using unobservable inputs

Contingent consideration – Milton Graham	2023 10% Increase Rm	2023 10% Decrease Rm	2022 10% Increase Rm	2022 10% Decrease Rm
Significant unobservable input and description of assumption				
Cash flows: change in the EBIT on which the contingent consideration is based	**83**	**(33)**	–	–
Total	**83**	**(33)**	–	–

Contingent consideration – Synergy Contact Centre	2023 10% Increase Rm	2023 10% Decrease Rm	2022 10% Increase Rm	2022 10% Decrease Rm
Significant unobservable input and description of assumption				
Cash flows: change in the EBIT on which the contingent consideration is based	**7**	**(7)**	36	(4)
Total	**7**	**(7)**	36	(4)

Call option derivative	2023 10% Increase Rm	2023 10% Decrease Rm	2022 10% Increase Rm	2022 10% Decrease Rm
Significant unobservable input and description of assumption				
Change in the spot price on which the valuation is based	**12**	**(14)**	105	(89)
Change in the risk free rate on which the valuation is based	**12**	**(11)**	15	(14)
Change in the dividend yield on which the valuation is based	**(6)**	**7**	(9)	9
Total	**18**	**(18)**	111	(94)

	2023 Rm	2022 Rm
45 Related parties*		
45.1 Transactions with key management		
Blend Properties 17 (Pty) Ltd (Blend) owns properties occupied by certain group subsidiaries. Jonathan Jawno, Michael Mendelowitz and Roberto Rossi, who are directors of Transaction Capital Limited, are directors of Blend. Their family trusts each own 19.4% (2022: 19.4%) of the issued share capital of Blend (58.1% in aggregate).		
Transactions during the year		
Rent paid	**(7)**	(4)
Tenant installation allowance received	**–**	2
45.2 Loans to key management		
45.2.1 Terry Kier (Former CEO of SA Taxi) holds a direct investment in SA Taxi Holdings (Pty) Ltd of 0.57% as at 30 September 2023 (2022: 0.57%). Terry owes a wholly-owned subsidiary of Transaction Capital an amount of R12 million as at 30 September 2023 (2022: R12 million). The loan was granted on an interest-free basis and will be repaid from dividends and proceeds from the shares or upon certain pre-determined events. Appropriate fringe benefits tax has been levied on the interest-free loan. The loan is secured by a cession over all of Terry Kier's rights, title and interest in and to the SA Taxi Holdings Proprietary Limited shares.		
Loan owed by key management at period end	**12**	12
45.2.2 Terry Kier (Former CEO of SA Taxi) holds a direct investment in TC Motor Holdco (Pty) Ltd of 1% as at 30 September 2023 (2022: 1%)Terry owes a wholly-owned subsidiary of Transaction Capital an amount of R26 million in 2023 (2022: R28 million). The loan was granted on an interest-free basis and will be repaid from dividends and proceeds from the shares or upon certain pre-determined events. Appropriate fringe benefits tax has been levied on the interest-free loan. The loan is secured by a cession over all of Terry Kier's rights, title and interest in and to the TC Motor Holdco (Pty) Ltd shares. Subsequent to year end, Terry Kier settled the loan in full.		
Loan owed by key management at period end	**26**	28
45.2.3 Craig Bayford (CEO of Nutun Transact) holds a direct investment in Nutun Transact (Pty) Ltd of 5% as at 30 September 2023 (2022: 5%)Craig owes a wholly-owned subsidiary of Transaction Capital an amount of R23 million in 2023 (2022: R21 million). The loan is subject to interest at repo + 100bps basis. The loan is secured by a cession over all of Craig Bayford's rights, title and interest in and to the Nutun Transact (Pty) Ltd shares.		
Loan owed by key management at period end	**23**	21
45.2.4 Derek Warner (CEO of Synergy), through his family trusts, holds investments in Synergy Contact Centre Proprietary Limited and Synergy Outsourcing Limited of 15% each as at 30 September 2023 (2022: 25%). Derek owes a wholly-owned subsidiary of Transaction Capital an amount of R18 million in 2023 (2022: R16 million). The loan was granted on an interest-free basis and will be repaid upon the acquisition by the group of the shareholding held by Derek in terms of the options in place. Refer to note 25 for details relating to the options in place. The loan is secured by a cession over all of Derek's rights, title and interest in and to the Synergy Outsourcing Limited shares.		
Loan owed by key management at period end	**18**	16
45.2.5 Hayden Quin (MD of Synergy), through his family trusts, holds investments in Synergy Contact Centre Proprietary Limited and Synergy Outsourcing Limited of 15% each as at 30 September 2023 (2022: 10%). Hayden owes a wholly-owned subsidiary of Transaction Capital an amount of R7 million in 2023 (2022: R6 million). The loan was granted on an interest-free basis and will be repaid upon the acquisition by the group of the shareholding held by Hayden in terms of the options in place. Refer to note 25 for details relating to the options in place. The loan is secured by a cession over all of Hayden's rights, title and interest in and to the Synergy Outsourcing Limited shares.		
Loan owed by key management at period end	**7**	6

* *Intercompany transactions have been eliminated upon consolidation and are therefore not disclosed above.*

		2023 Rm	2022 Rm
45	**Related parties continued***		
45.3	**Remuneration of key management personnel**		
	Refer to note 33 where the remuneration of all key management is disclosed.		
45.4	**Investment in equity accounted investment**		
	During the 2019 financial year Transaction Capital, through its wholly-owned subsidiary, Nutun Holdings (Pty) Ltd, entered into an arrangement with Genki Group Limited, a company owned by the respective trusts of Transaction Capital directors, Jonathan Jawno, Michael Mendelowitz and Roberto Rossi, in order to invest in European non-performing loan portfolios and special credit situations (collectively referred to as distressed debt) through TC Global Finance Limited. Refer to note 14.	**357**	343
45.5	**Transactions with minority shareholders**		
45.5.1	SANTACO holds a 17.3% effective interest in SA Taxi. In the prior year a loan was advanced to SANTACO. Further loan advances were made in the current year, which were impaired and written off. In addition to this, payments were made for services related to the verification of operating licenses.		
	Transactions during the year		
	Loans advanced	**<1**	1
	Loans impaired and written off (Refer to note 12)	**–**	(1)
	Consulting fees	**(5)**	(5)
45.5.2	The group, through its subsidiary WBC Holdings holds a call option over the remaining 25.1% shareholding in WBC Holdings. The call option arrangement entails the granting by non-controlling interests to WBC Holdings Pty Ltd of the option ("call option") to require the non-controlling interests to dispose to WBC Holdings in tranches on dates specified in the agreement. Refer to 13 for further information.		
	Transactions during the year		
	Call Option derivative raised	**426**	269
45.5.3	On 5 October 2021, TCMH concluded a shareholders agreement with the minority shareholders of WBC Holdings, which includes put options in favour of the minority shareholders, which if exercised could result in TCMH acquiring, in various increments and at various intervals, additional shares in WBC Holdings up to a maximum of 25.1% (being all the shares in WBC Holdings currently held by the minority shareholders) and which, if implemented in full, will result in WBC Holdings becoming a wholly owned subsidiary of TCMH. Refer to note 25 for further details.		
	Transactions during the year		
	Put option liability raised	**1 885**	3 403
45.5.4	On 28 April 2022, Nutun CV and Tyco concluded a shareholders agreement with the minority shareholders of SCC and SOL, which includes put options in favour of the minority shareholders, which if exercised could result in Nutun CV and Tyco acquiring additional shares in SCC and SOL up to a maximum of 25% (being all the shares in SCC and SOL currently held by the minority shareholders) and which, if implemented in full, will result in SCC and SOL becoming wholly owned subsidiaries of Nutun CV and Tyco respectively. Refer to note 25 for further details		
	Transactions during the year		
	Put option liability raised	**467**	639

* *Intercompany transactions have been eliminated upon consolidation and are therefore not disclosed above.*

46 Business combinations

Business combinations are accounted for in accordance with the acquisition method of accounting. Subsidiaries are consolidated from the date on which the group acquires effective control of the entity. Consolidation ceases from the date control no longer exists. On acquisition the identifiable assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values. The cost of an acquisition is the fair value of the assets given, liabilities incurred or assumed and equity instruments issued. Any costs directly relating to the acquisition are expensed to profit and loss.

The consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of an acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with the relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognised. Where a business combination is achieved in stages, previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 – Income Taxes and IAS 19 – Employee Benefits respectively; and
- Assets (or disposal groups) of the acquiree that are classified as held for sale and discontinued operations in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

The non-controlling interest in the acquiree is measured at acquisition date either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets (applied on a transaction by transaction basis for all business combinations). The treatment is not an accounting policy choice but is selected for each business combination and disclosed in the note for business combinations.

Premiums or discounts arising on the acquisition of subsidiaries are treated in terms of the group's accounting policy for goodwill.

Subsidiaries acquired

Subsidiary	Acquirer	Principal activity	Date of acquisition	Proportion of voting equity interests held %	Consideration Rm
Milton Graham Australia	Recoveries Corporation Holdings Proprietary Limited	Agency collections	02/11/2022	**100**	**562**

46 Business combinations continued

46.1 Acquisition of Milton Graham Australia and Milton Graham New Zealand

Recoveries Corporation Holdings Proprietary Limited and Recoveries Corporation New Zealand Limited (together the Recoveries Corporation Holdings Group "RCH Group"), wholly-owned subsidiaries of Nutun Holdings acquired the receivables management business of Milton Graham Australia and Milton Graham New Zealand (together known and referred to as MG) on 2 November 2022.

MG is a debt collection recovery business, offering the following services to its clients:

- First party debt collection (BPO);
- Third party debt collection; and
- Consultancy services to optimise the way businesses manage their credit, customer relationships and debt collections.

Prior to the acquisition of the receivables management business of MG, Recoveries Corporation Holdings Proprietary Limited was diversified across the business services collection sectors. The acquisition of MG increases the debt collections sector exposure of the Transaction Capital Group.

46.1.1 Consideration for IFRS 3 purposes

	2023 Rm
Cash	174
Contingent consideration	388
Total consideration	**562**

Included in the total consideration transferred is the fair value of an equity share issued to MG. The equity instrument does not entitle the holder to any voting or participation rights and is convertible into 40% of the ordinary shares of Recoveries Corporation Holdings Proprietary Limited ("RCH") on 1 October 2024. RCH has the option to redeem the instrument before conversion, calculated with reference to 40% of the market value of RCH.

46.1.2 Assets acquired and liabilities recognised at the date of acquisition

	2023 Rm
Current assets	
Deferred taxation	16
Current liabilities	
Trade and other payables	(12)
Provisions	(43)
Net liabilities recognised	**(39)**

The initial accounting for the acquisition of MG has been provisionally determined at the end of the financial year.

46 Business combinations continued

46.1 Acquisition of Milton Graham Australia and Milton Graham New Zealand continued

46.1.3 Goodwill arising on acquisition

	2023 Rm
Consideration for IFRS 3 purposes	**562**
Less: intangible assets identified from business combinations	**(90)**
Plus: deferred tax on intangible assets identified from business combinations	**26**
Less: fair value of identifiable net liabilities recognised	**39**
Goodwill arising on acquisition	**537**

The consideration transferred for the business combination included amounts in relation to the benefit of expected cost and technology synergies, revenue growth, future market development and the complementary skills within the assembled workforce of MG. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

46.1.4 Net cash outflow on acquisition of subsidiary

	2023 Rm
Consideration paid in cash	**174**
Net cashflow	**174**
Transaction costs of the acquisition (included in cash flows from operating activities)	**(16)**

46.1.5 Impact of acquisition on the results of the group

Included in profit attributable to ordinary shareholders of the group for the period ended 2023 is R7 million attributable to MG since acquisition date. Revenue for the period includes R100 million in respect of MG.

Had the business combination been effected at 1 October 2022, MG would have contributed additional revenue to the group of R22 million and a loss attributable to ordinary equity holders of the group of R0.03 million.

47 Segment report

The group is organised on the basis of products and services and the segments have been identified on this basis as reported to the chief executive officer (considered the chief operating decision maker). The accrual basis of accounting is applied for transactions between reportable segments. The principal business units in the group are as follows:

Mobalyz – SA Taxi

- A vertically integrated taxi platform incorporating a unique blend of vehicle procurement, retail, repossession and refurbishment capabilities with asset-backed developmental finance and insurance competencies for focused vehicle types.
- Revenue is mainly derived from interest earned on financing of vehicles and non-interest revenue streams, including revenue from the sale of vehicles, telematics services and insurance products.
- The SA Taxi segment includes Value-Added Services (Road Cover). Road Cover generates a stable source of subscription income, whilst providing access to greater market depth. SA Taxi has the potential to unlock further value through synergies with Road Cover to be realised from cost efficiencies and revenue uplift, gaining access to SA Taxi's client base.

Mobalyz – Gomo

- Gomo was previously reported as part of the WBC segment and is now reported as a separate segment.
- Gomo enters into instalment sale agreements with individuals looking to finance the purchase of vehicles from WBC.
- In the current year, Gomo entered into an operational arrangement with a leading South African bank in terms of which Gomo becomes an originator of loans for the bank on agreed criteria, earning a portion of net interest margin and other fees, and with the assets ultimately being funded on the bank's balance sheet. This Gomo product is available across the entire national dealership network of WBC.

Nutun

- Nutun delivers an augmented suite of digital customer services comprising capital-enabled services ("CE services") and capital-light customer experience management services ("CX services").
- Through CE services, Nutun mainly acts as a principal in acquiring and then collecting on NPL portfolios.
- Earnings from CX services primarily comprise revenue from contingency based collection services and fee-for-service income generated in South Africa, Australia and the UK.

WBC

- The WBC segment previously included Transaction Capital Motor HoldCo corporate (TCMH corporate) and Gomo (Pty) Ltd (Gomo). In the current year, the composition of this segment has been re-assessed by management. TCMH corporate is now reported as part of the Group executive office segment, while Gomo is now reported as its own separate segment.
- The group holds an effective 74.2% controlling interest in the WBC group (WBC).
- WBC is a buyer, distributor and retailer of vehicles, and also offers financial and other allied products.
- Revenue comprises mainly revenue from vehicle sales, with additional revenues earned from add-on products. The latter includes agency fees earned from finance, insurance related and allied products (F&I products) sold on behalf of major banks providing asset-backed and unsecured vehicle finance, leading insurance providers, as well as vehicle tracking businesses.

Group executive office

- In the current year, the group executive office (GEO) segment has been restated to include the results of TCMH corporate.
- The GEO provides an efficient capital management and treasury function for entities within the group, in addition to administrative and management services.
- Income comprises mainly interest income and management fees from subsidiaries, the majority of which is eliminated on group consolidation.
- The numbers presented in the group executive office segment exclude group consolidation entries.

47 Segment report continued

	SA Taxi	Nutun			WBC	Gomo	GEO	Intergroup eliminations	Group
	Rm	Management view* Rm	PBD accounting adjustments* Rm	IFRS view Rm	Rm	Rm	Rm	Rm	Rm
Summarised income statement									
For the year ended 30 September 2023									
Revenue	1 080	4 152	(1 733)	2 419	19 965	11	–	–	23 475
Net interest income from the provision of financing to customers	1 228	–	–	–	–	14	–	14	1 256
Impairment of loans and advances	(3 724)	–	–	–	–	(27)	–	–	(3 751)
Net insurance result	(133)	–	–	–	65	–	–	–	(68)
Net income from purchased book debts	–	–	980	980	–	–	–	4	984
Total operating expenses and cost of revenue	(2 403)	(3 183)	420	(2 763)	(19 033)	(58)	(118)	71	(24 304)
Net finance charge – not relating to provision of financing to customers	(8)	(454)	333	(121)	(149)	1	(100)	(18)	(395)
Finance income	73	50	–	50	9	1	141	(61)	213
Finance charge	(81)	(504)	333	(171)	(158)	–	(241)	43	(608)
Net other income	34	102	–	102	29	–	(14)	(71)	80
Equity accounted income/ (loss)	(1)	1	–	1	4	–	(57)	–	(53)
Non-operating profit	(3)	(19)	–	(19)	161	–	(2)	1 517	1 654
(Loss)/profit before tax	(3 930)	599	–	599	1 042	(59)	(291)	1 517	(1 122)
Income tax expense	119	(152)	–	(152)	(224)	16	28	–	(213)
(Loss)/profit for the year from continuing operations	(3 811)	447	–	447	818	(43)	(263)	1 517	(1 335)
Discontinued operations									
Loss for the period from discontinued operations	–	(9)	–	(9)	–	–	–	–	(9)
(Loss)/profit for the year	(3 811)	438	–	438	818	(43)	(263)	1 517	(1 344)

* *The operational view of the Nutun segment reflects the manner in which chief decision maker measures the segment for the purpose of allocating resources and assessing its performance. Under the operational view, purchased book debt collections are included in the revenue number, and the amortisation of the purchased book debts are reflected in cost of revenue. Adjustments are reflected in the report above to reconcile the operational view to the IFRS view. Under the IFRS view, collections are taken into account in the movement of the amortised cost on the statement of financial position, and the income statement therefore reflects interest revenue and impairment gains/losses.*

47 Segment report continued

	SA Taxi	Nutun**			WBC*	Gomo	GEO*	Intergroup eliminations	Group***
	Rm	Management view Rm	PBD accounting adjustments Restated Rm	IFRS view Restated Rm	Restated Rm	Rm	Rm	Restated Rm	Restated Rm
Summarised income statement									
For the year ended 30 September 2022									
Revenue	1 789	2 988	(1 791)	1 197	17 875	–	–	–	20 861
Net interest income from the provision of financing to customers	1 631	–	–	–	–	3	–	1	1 635
Impairment of loans and advances	(852)	–	–	–	–	(4)	–	–	(856)
Net insurance result	411	–	–	–	–	–	–	–	411
Net income from purchased book debts	–	–	1 130	1 130	–	–	–	30	1 160
Total operating expenses and cost of revenue	(2 688)	(2 303)	443	(1 860)	(16 799)	(44)	(105)	85	(21 411)
Net finance charge – not relating to provision of financing to customers	(68)	(235)	218	(17)	(72)	1	(10)	(31)	(197)
Finance income	34	31	–	31	23	1	112	(123)	78
Finance charge	(102)	(266)	218	(48)	(95)	–	(122)	92	(275)
Other income	201	76		76	24	9	39	(85)	264
Equity accounted income/ (loss)	–	6		6	–	–	41	–	47
Non-operating profit	–	(39)		(39)	269	–	(5)	308	533
Profit before tax	424	493		493	1 297	(35)	(40)	308	2 447
Income tax expense	(59)	(124)		(124)	(266)	9	29	–	(411)
Profit for the year from continuing operations	365	369		369	1 031	(26)	(11)	308	2 036
Loss for the period from discontinued operations	–	(33)		(33)	–	–	–	–	(33)
Profit for the year	365	336		336	1 031	(26)	(11)	308	2 003

* *The WBC and GEO segments have been restated for a change in the composition of reportable segments.*
** *The operational view of the Nutun segment reflects the manner in which chief decision maker measures the segment for the purpose of allocating resources and assessing its performance. Under the operational view, purchased book debt collections are included in the revenue number, and the amortisation of the purchased book debts are reflected in cost of revenue. Adjustments are reflected in the report above to reconcile the operational view to the IFRS view. Under the IFRS view, collections are taken into account in the movement of the amortised cost on the statement of financial position, and the income statement therefore reflects interest revenue and impairment gains/losses. The Nutun results have been restated for the correction of the presentation of purchased book debts. Refer to note 28 for further information.*
*** *The group numbers presented above have been restated for the presentation of purchased book debts.*

47 Segment report continued

	SA Taxi Rm	Nutun Rm	WBC Rm	Gomo Rm	GEO Rm	Intergroup eliminations Rm	Group Rm
Summarised statement of financial position							
At 30 September 2023							
Assets							
Cash and cash equivalents	1 450	273	164	46	205	–	2 138
Other investments	122	–	–	–	728	–	850
Trade and other receivables	890	831	83	14	19	(24)	1 813
Inventories	816	2	2 187	–	–	–	3 005
Reinsurance contract assets	–	–	44	–	–	–	44
Loans and advances	14 967	–	–	460	–	–	15 427
Purchased book debts	–	5 025	–	–	–	–	5 025
Equity accounted investments	601	95	11	–	356	–	1 063
Intangible assets	186	414	1 754	15	2	1 044	3 415
Property and equipment	168	626	1 280	–	3	–	2 077
Goodwill	536	1 728	–	–	–	2 986	5 250
Other assets	646	250	483	26	5 281	(5 167)	1 519
Total assets	20 382	9 244	6 006	561	6 594	(1 161)	41 626
Liabilities							
Short-term borrowings	199	395	–	–	–	–	594
Trade and other payables	599	987	356	35	67	24	2 020
Insurance contract liabilities	994	–	–	–	–	–	994
Interest-bearing liabilities	19 052	4 676	1 382	590	2 047	(2 354)	25 393
Senior debt	15 803	4 451	1 382	465	2 047	–	24 148
Subordinated debt	1 020	225	–	–	–	–	1 245
Group loans	2 229	–	–	125	–	(2 354)	–
Lease liabilities	100	474	165	–	29	–	768
Put option liability	–	467	–	–	–	1 885	2 352
Other liabilities	90	634	501	1	–	284	1 510
Total liabilities	21 034	7 633	2 404	626	2 143	(209)	33 631
Total equity	(652)	1 611	3 602	(65)	4 451	(952)	7 995

47 Segment report continued

	SA Taxi** Restated Rm	Nutun** Restated Rm	WBC*/** Restated Rm	Gomo Rm	GEO*/** Restated Rm	Intergroup eliminations Rm	Group** Restated Rm
Summarised statement of financial position							
At 30 September 2022							
Assets							
Cash and cash equivalents	1 126	126	109	20	97	–	1 478
Other investments	120	44	1	–	1 261	–	1 426
Trade and other receivables	1 213	520	205	–	24	(39)	1 923
Inventories	1 936	1	1 853	–	–	–	3 790
Loans and advances	14 725	–	–	237	–	–	14 962
Purchased book debts	–	4 208	–	–	–	–	4 208
Equity accounted investments	656	90	8	–	343	–	1 097
Intangible assets	164	349	1 759	11	3	1 050	3 336
Property and equipment	195	401	1 300	–	4	–	1 900
Goodwill	599	1 169	–	–	–	2 986	4 754
Other assets	519	590	332	10	7 865	(7 815)	1 501
Total assets	21 253	7 498	5 567	278	9 597	(3 818)	40 375
Liabilities							
Short-term borrowings	195	525	–	–	98	–	818
Trade and other payables	585	545	263	18	228	(34)	1 605
Insurance contract liabilities	180	–	–	–	–	–	180
Interest-bearing liabilities	16 725	3 145	1 491	286	1 891	(1 676)	21 862
Senior debt	14 326	2 832	1 491	222	1 891	–	20 762
Subordinated debt	950	150	–	–	–	–	1 100
Group loans	1 449	163	–	64	–	(1 676)	–
Lease liabilities	149	393	171	–	2	–	715
Put option liability	–	639	–	–	–	3 403	4 042
Other liabilities	123	643	519	–	–	276	1 561
Total liabilities	17 957	5 890	2 444	304	2 219	1 969	30 783
Total equity	3 296	1 608	3 123	(26)	7 378	(5 787)	9 592

* *The WBC and GEO numbers have been restated for a change in the composition of the reportable segment.*
** *All segments have been restated for the correction of the classification of the leave pay accrual from provisions to trade and other payables.*

47 Segment report continued

Geographical information

The geographic information presented below has been split as follows:

- The revenues have been attributed to the foreign countries from which the entity derives revenues.
- The non-current assets have been split to reflect the foreign countries in which the group hold assets.

Comparative information presented in this note has been amended as follows:

- The group previously presented the geographic information for revenues based on the country of incorporation. This presentation no longer presents a fair view of the group's geographic operations, as material foreign revenues are now derived out of an entity incorporated in South Africa. The group has therefore amended its geographic split presented here to reflect the foreign countries from which the group derives or sources its revenues, and comparatives have been restated accordingly.
- Comparative revenues have also been restated for the presentation of purchased book debts.
- The group previously presented all non-current assets in its geographic split of non-current assets. IFRS 8 however only requires non-current assets other than financial instruments, deferred tax assets and rights arising under insurance contracts to be reflected. The presentation of non-current assets in this section has therefore been amended and comparatives have been restated accordingly.

	Total revenue*		Non-current assets	
	2023 Rm	2022 Restated Rm	2023 Rm	2022 Restated Rm
South Africa	**26 752**	24 788	**10 536**	10 596
Australia	**939**	607	**1 495**	852
Europe	**7**	–	**357**	343
United Kingdom	**890**	297	**–**	–
United States	**105**	–	**–**	–
Total	**28 693**	25 694	**12 388**	11 791

* *Revenue comprises gross revenue as presented on the income statement, gross interest income from financing of customers, imputed interest income from purchased book debts, and gross insurance revenue.*

48 Going concern

The Board of Directors ("Board") believes that, as of the date of this report, the going concern presumption is appropriate and accordingly the consolidated and separate statements of the group and the company have been prepared on the going concern basis of accounting. Their assessment included an 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. IAS 1 Preparation of Financial Statements ("IAS 1") requires management to perform an assessment of the group's ability to continue as a going concern. If management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the group's ability to continue as a going concern, IAS 1 requires these uncertainties to be disclosed.

The group has faced significant challenges during 2023 financial year due to the cyclical headwinds facing SA Taxi's business model which have become more structural in nature, and the business is unlikely to recover to pre-Covid levels in the short to medium-term. For the year ended 30 September 2023, the group incurred a loss for the year amounting to R1.3 billion, of which R3.8 billion is attributable to SA Taxi, driven by increases in provisions and stock write downs. The SA Taxi losses above were offset by positive contributions from both WeBuyCars and Nutun. WeBuyCars has consistently gained market share in FY2023, despite a tough economic environment, resulting in profits of R753 million. In FY2023 Nutun grew profit for the year from continuing operations by 1% to R448 million, driven primarily by the strong growth in CX services as well as steady levels of investment in, and collection of, acquired NPL portfolios in South Africa.

The SA Taxi losses resulted in SA Taxi balance sheet pressure and Transaction Capital has progressed materially with the restructure of SA Taxi's balance sheet. A key focus area remains ensuring the continued support of debt funders. During 2023, a Mobalyz Debt Sustainability Committee comprising executives, independent non-executive directors and external advisors was established. The group continues to engage extensively with debt funders to ensure a sustainable solution for the SA Taxi operating model and balance sheet.

The capital and funding structures of WeBuyCars and Nutun are isolated from the effects of SA Taxi's restructuring as there are no cross-default clauses nor cross guarantees between Nutun, WeBuyCars and SA Taxi. Furthermore, there are no holding company guarantees to the subsidiaries. WeBuyCars has a strong balance sheet with low levels of debt supported by the capital-light nature of its operations and high cash conversion rates. Nutun has adequate funding for its short-term non-performing loan portfolio acquisitions. The operational restructure of SA Taxi is materially complete resulting in a more stable business but is dependent on the ongoing support from debt funders to continue its curtailed lending operations whilst it restructures its balance sheet. The challenges at SA Taxi do not adversely impact the liquidity position of the overall Transaction Capital group to continue operating in the foreseeable future.

48 Going concern continued

In order to preserve liquidity, during 2023 Transaction Capital took the decision not to accelerate the purchase of an additional 15% stake in WeBuyCars. This decision, among several strategic considerations, splits the individual exercise amounts for transfer which Transaction Capital is liable into smaller tranches to be settled over an extended period, facilitating better and longer planning for the liquidity. This also provides additional time for the Transaction Capital share price to recover facilitating the potential options for settlement through the issue of Transaction Capital shares.

The board also resolved not to declare dividends in 2023.

In making the going concern assessment the directors have considered the progress and advanced engagement with the lenders on the optimisation of the SA Taxi balance sheet, the implications of both the successful and unsuccessful completion of the debt and balance sheet restructure of SA Taxi.

The group's total assets exceed the total liabilities by R8.0 billion in the current year and R9.6 billion in the prior year. Assets and liabilities are presented at their fair values on the balance sheet. The director's assessment of fair value is supported by independent expert valuations of its material businesses and other financial instruments.

The group's current liabilities exceed the current assets by R1.0 billion in the current year. In the prior year the current assets exceeded the current liabilities by R1.3 billion. The increase in net current liabilities is mainly due to the classification of the long-term facilities as current. This has arisen from group earnings related financial covenants at Transaction Capital Limited not being met, caused solely by SA Taxi performance. Waivers on these covenants have been agreed with all relevant funders until March 2024, which has resulted in debt facilities of approximately R1.6 billion being brought forward into the current liquidity bucket.

Liquidity – In assessing the group's liquidity, management prepared a cash flow forecast up until 31 December 2024, taking into consideration its turnaround plan and the debt restructuring initiatives which, if successfully implemented, indicate that the entities will have sufficient cash resources for the foreseeable future which is defined as 12 months from the date of publishing these financial statements. Cash flows and liquidity are monitored daily by the Debt Capital Markets team under supervision of the chief investment officer.

Solvency – At 30 September 2023, independent valuations of the Transaction Capital Limited assets indicate that their fair values exceed their carrying values. The asset base of the group comprises tangible assets with significant value, not reflected in the book value of the underlying businesses. This position enhances the Board's confidence in the group's solvency.

The underlying annual financial statements of the SA Taxi Group have been prepared on a going concern basis although there is material uncertainty on the going concern position of the SA Taxi business being solely dependent on the success of the debt restructure process that is currently underway. Management is of the view that all parties involved in the debt restructure are likely to reach a favourable resolution given the ongoing engagement and intent demonstrated from the various funders.

SA Taxi has therefore embarked on a debt restructure which is envisaged to:

- Limit any reliance on external/new equity or debt capital over the medium term;
- Re-profile debt in certain entities to ensure alignment between cash collection and debt repayment; and
- Restructure the SA Taxi Group of companies to optimise cost savings and drive synergies.

The successful implementation of the debt restructure which is anticipated in 2024 will result in SA Taxi having sufficient liquidity to support business operations for the foreseeable future and will support the application of the going concern assumption for the various SA Taxi entities. If the debt restructure is unsuccessful, the going concern status will be compromised for certain entities within the SA Taxi group of companies and result in a substantial change in the recoverability of loans and advances, investments, inventory, and the measurement of insurance liabilities. This however will not impact on Transaction Capital's ability to continue as a going concern due to the ring fenced nature of the underlying funding vehicles.

At the date of this report, the SA Taxi group continues to engage with its banking and funding partners, all of whom remain supportive of SA Taxi and have not withdrawn their existing financing facilities. Transaction Capital remains committed to the ongoing viability of SA Taxi.

There are numerous structures that are consolidated within the SA Taxi group of companies due to both ordinary and preference shareholdings. These structures are either in the form of ring fenced SPV's or subsidiaries. Each structure has definitive reporting requirements and specific covenants that need to be met. The paydown of liabilities within ring fenced SPV's are based on the collection performance of the underlying portfolios (where the application of cash received is applied according to a pre-determined cash flow waterfall) or based on fixed amortisation schedules.

The inability to make payment on lending facilities in ring-fenced SPV's does not result in any contagion or right of recourse risk to any other assets outside of the ring-fenced SPVs. In certain instances lending facilities could be called upon by funders to be immediately due and payable (although contractually debt will be repaid as securitised assets are realised within the respective structure). Securitised assets of each structure include cash and loans and advances (including repossessed vehicle stock).

There are no cross-guarantees between any SA Taxi group companies and any of the SPV's.

48 Going concern continued

While SA Taxi has made significant operational changes in the business since March 2023, reflected in improved performance on loans that have been written since then, the historic book, which makes up most of the portfolio, continues to face headwinds driven by the challenging macro environment. In addition to the difficult trading environment, other reasons highlighting the pressure on capital repayments include the increasing asset-liability mismatch which has resulted from the slower collections on the book (due to the book never having fully recovered from Covid effects). This impact has been exacerbated by the fact that SA Taxi Development Finance ("SATDF") has been unable to add new assets into its portfolio due to its inability to raise additional funding runway because of the challenging position the business currently finds itself in. As a result of this, SATDF faced two immediate pressure points being, (i) Amortisation payments on debt due in September 2023; and (ii) Covenant pressure for the measurement date 30 September 2023. In response to this the SATDF lenders were approached to consider and approve a waiver of any capital repayments due in September 2023 until March 2024 ("Capital Payment Waiver") and a waiver of specific covenants until March 2024 ("Covenant Waiver"). All SATDF lenders approved the Covenant Waiver.

Technically the failure to secure the final Capital Payment Waiver triggered an event of default in SATDF (for which SA Taxi obtained the necessary waivers from SATH lenders). The above default is also linked to a cross-default clause in the Transaction Capital funding agreements, since SATDF is a Material Company/Material Subsidiary, as defined in the relevant Transaction Capital funding agreement. The funding arrangements impacted by this situation were the RCF's at Transaction Capital Limited and the Preference Shares issued out of Zephyr. Transaction Capital however obtained a waiver of the cross default from the lenders to ensure no event of default was triggered at a Transaction Capital level.

In terms of the RCF a decision to take acceleration action, can be made by the majority lenders. To date, all the Transaction Capital Limited RCF lenders and Zephyr Preference Shareholders remain committed to supporting the Transaction Capital group, have deferred the next covenants reporting date to March 2024, and have given no indication of an intention to accelerate their debt should an event of default occur.

The board has considered various cash flow forecast scenarios, which includes the immediate repayment of these facilities in the unlikely event that the funders do accelerate. In the stressed cash flow scenarios the board has concluded that Transaction Capital has access to sufficient funds in the short-term to meet all contractual obligations as it becomes due and payable.

After carefully considering the progress on the debt refinance terms for SA Taxi and mitigating action described above, management believes that the group and company are able to discharge their liabilities in the normal course of business and are therefore of the opinion that the going concern assumption is appropriate in the preparation of the financial statements, although a material uncertainty exists in relation to the success of the debt restructure initiatives within the SA Taxi group.

49 Subsequent events

In terms of the Facilities Agreement, Transaction Capital shall supply the lenders with management accounts within 45 days post each quarter Transaction Capital lenders provided the company with a deferment on the 30 September 2023 management accounts to the earlier of (i) 14 March 2024 and (ii) the date to which the funders to the SA Taxi group of companies agree to extend their current standstill undertakings relating to the September 2023 as well as the December 2023 quarters.

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

Company statement of financial position

at 30 September 2023

	Notes	2023 Rm	2022 Rm
Assets			
Cash and cash equivalents	1	**63**	41
Other investments	2	**19**	1 261
Tax receivables		**–**	2
Trade and other receivables	3	**4**	2
Investments in subsidiaries	4	**4 323**	5 400
Group loans	18	**1 452**	2 045
Deferred tax assets	8	**–**	3
Total assets		**5 861**	8 754
Liabilities			
Bank overdrafts	1	**–**	98
Trade and other payables	5	**9**	23
Interest-bearing liabilities	6	**1 101**	1 096
Senior debt		**1 101**	1 096
Group loans	18	**458**	456
Total liabilities		**1 568**	1 673
Equity			
Ordinary share capital	7	**5 280**	5 192
Share based payment reserve		**138**	160
Retained earnings		**(1 125)**	1 729
Equity attributable to ordinary equity holders of the parent		**4 293**	7 081
Total equity		**4 293**	7 081
Total equity and liabilities		**5 861**	8 754

Company statement of comprehensive income

for the year ended 30 September 2023

	Notes	2023 Rm	2022 Rm
Revenue	11	**557**	316
Net finance income		**(49)**	581
Finance income	10	**148**	102
Finance charges	10	**(197)**	(101)
Net impairment loss on intercompany loan	19.1	**(2 229)**	–
Impairment of investment	18	**(804)**	–
Operating costs	12	**(39)**	(31)
Operating (loss)/profit		**(2 564)**	551
(Loss)/profit before tax		**(2 564)**	551
Income tax expense	13	**(8)**	–
(Loss)/profit for the year		**(2 572)**	551
Total comprehensive (loss)/income for the year		**(2 572)**	551

Company statement of changes in equity

for the year ended 30 September 2023

	Number of ordinary shares million	Share capital Rm	Share based payment reserve Rm	Retained earnings Rm	Total equity Rm
Balance at 30 September 2021	708.4	3 477	146	1 654	5 277
Total comprehensive income	–	–	–	551	551
Profit for the year	–	–	–	551	551
Grant of conditional share plans	–	–	74	–	74
Settlement of conditional share plans	–	–	(60)	–	(60)
Dividends paid	–	–	–	(476)	(476)
Issue of shares	49.0	1 715	–	–	1 715
Balance at 30 September 2022	757.4	5 192	160	1 729	7 081
Total comprehensive loss	**–**	**–**	**–**	**(2 572)**	**(2 572)**
Loss for the year	**–**	**–**	**–**	**(2 572)**	**(2 572)**
Settlement of conditional share plans	**–**	**–**	**(22)**	**–**	**(22)**
Dividends paid	**–**	**–**	**–**	**(282)**	**(282)**
Issue of shares	**5.9**	**88**	**–**	**–**	**88**
Balance at 30 September 2023	**763.3**	**5 280**	**138**	**(1 125)**	**4 293**

Company statement of cash flows

for the year ended 30 September

	Notes	2023 Rm	2022 Rm
Cash flow from operating activities			
Cash generated by/(utilised in) operations	14	**15**	(22)
Interest received		**148**	102
Interest paid		**(176)**	(101)
Income taxes paid	15	**(3)**	(1)
Dividends received		**501**	557
Dividends paid	16	**(282)**	(476)
Cash flow from operating activities before changes in operating assets and working capital		**203**	59
Changes in working capital		**(16)**	31
Decrease in trade and other receivables		**(2)**	–
(Decrease)/increase in trade and other payables		**(13)**	31
Net cash generated by operating activities		**188**	90
Cash flow from investing activities			
Increase in group loans owing from Subsidiaries		**(1 634)**	(352)
Additional interest acquired in subsidiary		**–**	(1 480)
Decrease/(Increase) in other investments		**1 242**	(1 261)
Net cash utilised by investing activities		**(392)**	(3 093)
Cash flow from financing activities			
Proceeds from interest-bearing liabilities		**–**	1 270
Settlement of interest-bearing liabilities		**–**	(452)
Decrease in investment in subsidiary		**251**	–
Issue of shares		**73**	1 376
Net cash generated by financing activities		**324**	2 194
Net increase in cash and cash equivalents		**120**	(809)
Cash and cash equivalents at the beginning of the year	1	**(57)**	752
Cash and cash equivalents at the end of year	1	**63**	(57)

Notes to the company financial statements

for the year ended 30 September 2023

		2023 Rm	2022 Rm
1	**Cash and cash equivalents**		
	Bank balances*	**12**	–
	Call deposits*	**51**	41
	Bank overdrafts	**–**	(98)
	Net cash and cash equivalents	**63**	**(57)**
	Total overdraft facilities	**100**	100

* *Ceded as part security for securitisation debentures and loans as shown in note 6, in favour of the guarantor.*

		2023 Rm	2022 Rm
2	**Other investments**		
	Money market fund investments*	**19**	1 261
	Net cash and cash equivalents	**19**	1 261

* *The cash invested in the money markets was cashed out and loaned to a TC Corporate Support during the year. Money market fund investments are funds which have been invested into: Nedbank Group funds. This investment is short term in nature and is readily available to meet cash flow requirements of the group as they fall due. However the money markets, do not meet the definition of cash and cash equivalence due to the underlying investment portfolio.*

Other investments are measured at fair value at the end of each reporting period, with any fair value recognised in profit and loss.

Money market fund investments

2023	Stanlib	Nedgroup	Ninety-One	Total
Funds invested (Rm)	–	**19**	–	**19**
Average interest rate earned	–	**8.4%**	–	**8.4%**
Composition of underlying investments:	–	**100%**	–	**100%**
Local banks	–	**86.7%**	–	**86.7%**
Foreign banks	–	**9.4%**	–	**9.4%**
Government	–	**3.9%**	–	**3.9%**

2022	Stanlib	Nedgroup	Ninety-One	Total
Funds invested (Rm)	421	420	420	1 261
Average interest rate earned	6.7%	6.5%	6.7%	6.6%
Composition of underlying investments:	100%	100%	100%	100%
Local banks	81.9%	86.0%	86.2%	84.7%
Foreign banks	16.5%	12.5%	12.6%	13.9%
Government	1.6%	1.5%	1.2%	1.4%

		2023 Rm	2022 Rm
3	**Trade and other receivables**		
	Prepayments and other deferrals	**1**	1
	VAT receivable	**–**	1
	Sundry debtors	**3**	–
	Total trade and other receivables	**4**	2

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.

		2023 Rm	2022 Rm
4	**Investment in subsidiaries**		
	Share at cost	**5 127**	5 400
	Impairment of shares	**(804)**	–
	Total investments in subsidiaries at carrying value*	**4 323**	5 400

* *At the end of each reporting period, the company reviews the carrying amount of its investments in subsidiaries for any indications of impairment. During the current year, SA Taxi Holdings announced a restructuring of its business; therefore, no dividends were received from the investment. This triggered an impairment assessment for the related investment. As a result, the company performed an impairment assessment and recognised an impairment loss of R804 million with respect to the investment.*

Refer to note 18 for a schedule of subsidiaries, detailing movement in investments in subsidiaries from the prior year.

		2023 Rm	2022 Rm
5	**Trade and other payables**		
	Trade payables and accruals	**9**	23
	Trade and other payables	**9**	23

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 group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

	Notes	2023 Rm	2022 Rm
6 Interest-bearing liabilities			
Type of loan			
Loans	6.1	**1 101**	1 096
Total interest-bearing liabilities		**1 101**	1 096
Classes of interest-bearing liabilities			
Senior debt		**1 101**	1 096
Total interest-bearing liabilities		**1 101**	1 096
Maturity profile			
Payable within 12 months		**1 101**	–
Payable after 12 months		**–**	1 096
Total interest-bearing liabilities		**1 101**	1 096

6.1

Type of loan	Description	Date issued	Interest rate	Maturity date	Currency	Carrying value Rm
2023						
Loans						
Senior	Revolving	2020/12/10	Prime plus 1.2%	2024/12/06	ZAR	**394**
Senior	Revolving	2020/12/10	Prime plus 1.2%	2024/12/06	ZAR	**398**
Senior	Revolving	2020/12/10	Prime plus 1.2%	2024/12/06	ZAR	**309**
Total						**1 101**
2022						
Loans						
Senior	Revolving	2020/12/10	Prime plus 1.2%	2023/12/11	ZAR	395
Senior	Revolving	2020/12/10	Prime plus 1.2%	2023/12/11	ZAR	395
Senior	Revolving	2020/12/10	Prime plus 1.2%	2023/12/11	ZAR	306
Total						1 096
Total interest-bearing liabilities						1 096

For further information relating to the debt repayment please refer to the group going concern note (note 48).

	2023	2022
7 Ordinary share capital		
Authorised		
1 000 000 000 ordinary shares	**1 000 000 000**	1 000 000 000
Issued		
Ordinary share capital	**763 313 142**	757 367 333
Ordinary share capital	**763 313 142**	757 367 333

	2023		2022	
	Number of shares million	**Share capital Rm***	Number of shares million	Share capital Rm*
7.1 Reconciliation of ordinary share capital				
Balance at the beginning of the year	**757.4**	**5 192**	708.4	3 477
Shares issued in settlement of the Conditional Share Plan (Note 7.1.1)	**5.9**	**88**	2.4	96
Equity raised through accelerated bookbuild	–	–	36.1	1 263
Shares issued to subsidiaries	–	–	10.5	356
Balance at the end of the year	**763.3**	**5 280**	757.4	5 192

* *Net of share issue costs*

7.1.1 In terms of specific authority received from shareholders on the adoption of the Transaction Capital Conditional Share Plan, a total of 5 945 809 shares were issued to participants/employees as part of respective vestings at an average price of R14.94 per share.

Preference share capital

Authorised

10 000 000 cumulative, non-participating, non-convertible preference shares of no par value

Issued

Nil (2022: nil) preference shares

8 Deferred tax

	2023 Rm	2022 Rm
Deferred tax is presented in the statement of financial position as follows:		
Deferred tax assets	–	3
Deferred tax liabilities	–	–
Net deferred tax asset	–	3
The movements during the year are analysed as follows:		
Balance at the beginning of the year	3	–
Recognised in the income statement for the year	(3)	3
Net deferred tax asset at the end of the year	–	3

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 not recognised.

	Opening balance Rm	Charged to income statement Rm	Closing balance Rm
2023			
Temporary difference			
Assessed loss unutilised	3	(3)	–
Total	3	(3)	–
2022			
Temporary difference			
Assessed loss unutilised	–	3	3
Total	–	3	3

	2023 Rm	2022 Rm
10 Net finance (expense)/income		
Finance income is earned from:		
Cash and cash equivalents	**67**	5
Group loans	**81**	97
Total finance income	**148**	102
Interest expenses are paid on:		
Bank overdrafts	**(10)**	(69)
Group loans	**(49)**	–
Senior debt	**(138)**	(32)
Total finance expense	**(197)**	(101)
Finance income	**148**	102
Finance charges	**(197)**	(101)
Net finance (expense)/income	**(49)**	1

11 Revenue recognition

Product and service	Nature, timing of satisfaction of performance obligations
Fee income	The identified performance obligation is the ongoing service provided to the subsidiaries. Revenue is recognised over time as the subsidiary receives and consumes all the benefits provided. Service fees are recognised over a period of time as performance obligations are met and the service delivered to the subsidiaries.
Dividends income	The company earns dividends from investments in subsidiaries. Dividends income is recognised when the shareholders rights to receive payment has been established.

	2023 Rm	2022 Rm
Revenue		
Revenue comprises:		
Preference shares dividends received	**24**	14
Dividends received – subsidiaries	**447**	550
Management fees*	**54**	17
Other income	**2**	–
Total revenue	**557**	581

* *Management fee charged to SA Taxi Holdings was increased during the current year which resulted in an increase in the revenue earned from the management fees.*

12 Operating costs

	2023 Rm	2022 Rm
Operating costs comprise:		
Audit fees	**(2)**	(2)
Consulting fees	**(2)**	(1)
Intergroup management fees*	**(18)**	(16)
Non-executive directors' fees	**(10)**	(10)
Professional fees – legal	**(2)**	(1)
Other operating costs	**(5)**	–
Total operating costs	**(39)**	(31)

* *Management fees paid to group companies are based on certain costs and services incurred by subsidiary companies on behalf of the company.*

		2023 Rm	2022 Rm
13	**Income tax expense**		
	South African normal taxation:		
	Current taxation	**5**	3
	Current year	**5**	–
	Prior years	**–**	3
	Deferred taxation	**3**	(3)
	Current year	**3**	(3)
	Total income tax expense	**8**	–
	Tax rate reconciliation		
	South African tax rate	**27.00%**	28.00%
	Tax effects of:		
	Income not subject to tax*	**5.27%**	(29.00)%
	Expenses not deductible for tax purposes**	**(32.54)%**	0.20%
	Prior year taxes	**(0.04)%**	0.50%
	Capital gains	**–%**	0.30%
	Effective tax rate	**(0.31)%**	0.00%

* *Income not subject to tax consists of dividends received and fair valuation of financial liabilities.*

** *Expenses not deductible for tax purposes consists of: expected credit loss allowance on intercompany loan, impairment of investments and other expenses related to funding costs, expenses not incurred in the production of taxable income, interest and penalties.*

		2023 Rm	2022 Rm
14	**Cash generated by operations**		
	Profit before taxation from continuing operations:	**(2 564)**	551
	Adjusted for:		
	Interest received	**(148)**	(102)
	Interest paid	**197**	101
	Impairment of investment	**–**	(7)
	Other non-cash flow movements	**(2)**	(1)
	Impairment of investment in SA Taxi Holdings	**804**	–
	Net impairment loss on intercompany loan	**2 229**	–
	Dividends received	**(501)**	(564)
	Cash generated by operations	**15**	(22)
15	**Income taxes paid**		
	Amounts receivable/(payable) at the beginning of the year	**2**	3
	Charged in statement of comprehensive income	**(5)**	<1
	Deferred taxation charge in the income statement	**(3)**	(3)
	Prior year deferred tax	**3**	–
	Amounts (receivable) at the end of the year	**–**	(2)
	Income taxes paid	**(3)**	(1)
16	**Dividends paid**		
	Dividends paid to ordinary equity holders of the parent	**(282)**	(476)
	Total dividends paid	**(282)**	(476)

In the context of the headline and basic losses for the year, and to preserve liquidity, the board resolved not to declare any dividend for the 2023 financial year (2022: Total dividend of 70 cents per share at a rate of 2.5 cover).

17 Related parties

17.1 Subsidiaries

Details of share ownership and loan balance are disclosed in note 18, dividends paid in note 16. and dividends received in note 11.

The loans bear interest at rates agreed from time to time and are repayable on demand.

	2023 Rm	2022 Rm
Loans from subsidiary		
Transcapital Investment Limited*	**458**	456
The following income was received from subsidiaries:		
Interest		
SA Taxi Holdings	**45**	66
TC Treasury Proprietary Limited	**23**	30
TC TCMH GOMO Loan	**13**	–
Transcapital Investment Limited	**(49)**	(23)
Fees		
SA Taxi Holdings Proprietary Limited	**16**	–
TC Corporate Support Proprietary Limited	**40**	14
The following fees were paid to subsidiaries:		
TC Corporate Support Proprietary Limited	**(18)**	(16)

* *TransCapital Investment Limited has issued notes in the 2022 financial year. These notes issued by Rand Merchant Bank have been guaranteed by Transaction Capital Limited. The debentures were then issued to Transaction Capital Limited by Transcapital Investment Limited which has been disclosed within this note. The terms of the debentures are 3-month JIBAR plus rates over 3 and 5 years respectively.*

18 Subsidiaries and associates

18.1 Transaction Capital Limited

	Nature of business and status	Effective percentage held**		Investment at carrying value		Net loans at carrying value	
		2023 %	2022 %	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm
SA Taxi							
SA Taxi Holdings Proprietary Limited***	*/H/T	**74.5**	74.5	**16**	856	**–**	1 449
Taximart Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Gobid Proprietary Limited	T	**40**	40	**–**	–	**–**	–
Black Elite Benefits Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Taxi Wifi Proprietary Limited	D	**40**	40	**–**	–	**–**	–
SA Taxi Securitisation (RF) Proprietary Limited	#/T	**100**	100	**–**	–	**–**	–
SA Taxi Finance Solutions (RF) Proprietary Limited	#/T	**100**	100	**–**	–	**–**	–
SA Taxi Development Finance Proprietary Limited	T	**100**	100	**–**	–	**–**	–
SA Taxi Impact Fund (RF) Proprietary Limited	#/T	**100**	100	**–**	–	**–**	–
Mobalyz Risk Services Proprietary Limited (previously SA Taxi Protect)[1]	T	**100**	100	**–**	–		
Bompas Collections Proprietary Limited	D	**100**	100	**–**	–	**–**	–
SA Taxi Finance Insurance Brokers Proprietary Limited	D	**100**	100	**–**	–	**–**	–
Gomo Finance Solutions Proprietary Limited (previously SA Forklifts)	D	**100**	100	**–**	–	**–**	–
Potpale Investments (RF) Proprietary Limited	#/T	**100**	100	**–**	–	**–**	–
SA Taxi Rewards Proprietary Limited	#/T	**100**	100	**–**	–	**–**	–
Mobiflow Proprietary Limited (previously Transsec 2 (RF))[2]	#/T	**100**	100	**–**	–	**–**	–
Transsec 6 (RF) Ltd (previously Transsec 3 (RF) Limited)[3]	#/T	**100**	100	**–**	–	**–**	–
Transsec 4 (RF) Limited	#/T	**100**	100	**–**	–	**–**	–
Keywood 2 (RF) Proprietary Limited	#/T	**100**	100	**–**	–	**–**	–
Zebra Cabs Proprietary Limited	^	**100**	100	**–**	–	**–**	–
Transflow (RF) Proprietary Limited	#/T	**100**	100	**–**	–	**–**	–
SA Taxi Rentals Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Keywood (RF) Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Nutun							
Nutun Holdings Proprietary Limited****	*/H	**100**	100	**1 021**	1 275	**–**	13
Nutun Proprietary Limited	H	**100**	100	**–**	–	**–**	–
Nutun Corporate Ventures Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Nutun CX Proprietary Limited[4]	T	**75**	65	**–**	–	**–**	–
Nutun Business Services South Africa Proprietary Limited	T	**83**	83	**–**	–	**–**	–
Nutun Transact Proprietary Limited (Namibia)	T	**100**	100	**–**	–	**–**	–
Nutun Transact Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Net1 Fihrst Holdings Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Transact Technologies Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Accsys Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Transaction Capital Business Solutions Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Dubrovnik Properties Proprietary Limited:	D	**100**	100	**–**	–	**–**	–
MBD Legal Collections Proprietary Limited[5]	T	**100**	100	**–**	–	**–**	–
Origin Eight Financial Services Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Nutun Business Services Proprietary Limited (Botswana)	T	**100**	100	**–**	–	**–**	–
Exovic Investments Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Collection and Financial Services Proprietary Limited	D	**100**	100	**–**	–	**–**	–
Generow Investments Proprietary Limited	H	**100**	100	**–**	–	**–**	–
Nutun Credit Health Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Nutun International Proprietary Limited	H/T	**100**	100	**–**	–	**–**	–
Nutun Wellness Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Tyco Holdings Limited (Malta)	H	**100**	100	**–**	–	**–**	–

18 Subsidiaries and associates continued

18.1 Transaction Capital Limited continued

	Nature of business and status	Effective percentage held**		Investment at carrying value		Net loans at carrying value	
		2023 %	2022 %	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm
Nutun continued							
Integer Mortgage SPV 2 (Pty) Ltd[6]		**100**					
Tyco Investments Limited (Malta)	T	**100**	100	**–**	–	**–**	–
Synergy Outsourcing Limited (UK)[7]	T	**75**	65	**–**	–	**–**	–
Nutun Investments International (Mauritius)[8]	H	**100**	100	**–**	–	**–**	–
Nutun Global Sales	H	**100**				**–**	–
Nutun Australia Holdings Proprietary Limited[9]	H	**100**	100	**–**	–	**–**	–
Nutun Services Proprietary Limited[10]	T	**100**	100	**–**	–	**–**	–
Revive Financial Group Proprietary Limited (Australia)	T	**25**	25	**–**	–	**–**	–
Recoveries Corporation Holdings Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Transaction Capital Finance Australia Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Zurich Capital & Finance Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Mason Black Lawyers Proprietary Limited (Australia)	T	**100**	100	**–**	–	**–**	–
RCL Law Proprietary Limited (Australia)	T	**100**	100	**–**	–	**–**	–
Recoveries Corporation Proprietary Limited (Australia)	T	**100**	100	**–**	–	**–**	–
RCL Services PTE Limited (Fiji)	T	**100**	100	**–**	–	**–**	–
Advanced Collections Systems Proprietary Limited (Australia)	T	**100**	100	**–**	–	**–**	–
Prushka Fast Debt Recovery Pty Ltd	T	**100**	100	**–**	–	**–**	–
Recoveries Corporation New Zealand Limited	T	**100**	100	**–**	–	**–**	–
Nutun Australia Holdings 2 Proprietary Limited (Australia)[11]	H	**100**	100	**–**	–	**–**	–
TC Global Finance Limited (Guernsey)	T	**50**	50	**–**	–	**–**	–
TC Global Finance UK Limited	T	**100**	100	**–**	–	**–**	–
Arnika Universal Limited (Guernsey)	T	**100**	100	**–**	–	**–**	–
TC Global Finance JV Holdings Limited (Guernsey)	T	**100**	100	**–**	–	**–**	–
TC Global Finance Originations Limited (Guernsey)	T	**100**	100	**–**	–	**–**	–
TC Global Finance Equities Limited (Guernsey)	T	**100**	100	**–**	–	**–**	–
Nutun Management Services Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Transaction Capital Motor HoldCo							
Transaction Capital Motor HoldCo Proprietary Limited	*/T	**99**	99	**3 075**	3 075	**125**	6
Gomo Vehicle Solutions Holdings Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Gomo Vehicle Solutions Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Gomo Vehicle Telematics Solutions Proprietary Limited[12]	T	**100**	100	**–**	–	**–**	–
Gomo Collections Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Gomo Finance Solutions Proprietary Limited (previously SA Forklifts)	D	**100**	100	**–**	–	**–**	–
WBC Holdings Proprietary Limited	*/H	**74.9**	74.9	**18**	10	**–**	–
We Buy Cars (Namibia) Proprietary Limited	T	**100**	100.0	**–**	–	**–**	–
We Buy Cars AME Holdings DMCC	T	**95**	95.0	**–**	–	**–**	–
We Buy Cars Morocco	T	**100**	100	**–**	–	**–**	–
We Buy Cars Proprietary Limited	T	**100**	100	**–**	–	**–**	–
WBC Investments Proprietary Limited	T	**100**	100	**–**	–	**–**	–
WBC Properties Proprietary Limited	T	**100**	100	**–**	–	**–**	–
Agile bridge Proprietary Limited	T	**20**	20	**–**	–	**–**	–

18 Subsidiaries and associates continued

18.1 Transaction Capital Limited continued

	Nature of business and status	Effective percentage held** 2023 %	Effective percentage held** 2022 %	Investment at carrying value 2023 Rm	Investment at carrying value 2022 Rm	Net loans at carrying value 2023 Rm	Net loans at carrying value 2022 Rm
Group Executive Office							
TC Corporate Support Proprietary Limited	*/T	**100**	100	**33**	24	**–**	–
TC Treasury Proprietary Limited	*/T	**100**	100	**<1**	<1	**1 306**	525
TransCapital Investments Limited	*/T	**100**	100	**<1**	<1	**(451)**	(451)
Red Sky Finance Proprietary Limited[13]	*/D	**100**	100	**<1**	<1	**–**	–
Ellehove Investments Proprietary Limited[14]	D	**100**	100	**–**	–	**–**	–
RC VAS Holdings Proprietary Limited	*/H	**100**	100	**160**	160	**–**	–
RC Value Added Services Proprietary Limited	T	**81**	81	**–**	–	**–**	–
RC VAS Direct Proprietary Limited	T	**100**	100	**–**	–	**–**	–
TC Corporate Ventures Proprietary Limited	*/T	**100**	100	**–**	–	**–**	–
TC Corporate Ventures GP Proprietary Limited	*/H	**100**	100	**–**	–	**–**	–
Zephyr Finance Proprietary Limited	T	**100**	100	**–**	–	**14**	13
Transaction Capital Holdings Proprietary Limited[15]	*/^	**100**	–	**–**	–	**–**	–
Total				**4 323**	5 400	**994**	1 589

* *Directly held.*
\# *Consolidated special purpose entity.*
H *Holding company.*
T *Trading company.*
D *Dormant company.*
^ *Deregistered/in the process of being registered.*
** *Effective percentage held by immediate parent.*
*** *The investment and group loan asset held in SA Taxi holdings Proprietary limited have been impaired by R804 million and R2 229 million during the current year respectively.*
**** *The investment in Nutun holdings decreased during the year as a result of a share buy-back during the year.*

1. *SA Taxi Protect Proprietary Limited changed its name to Mobalyz Risk Services Proprietary Limited with effect from 2 March 2023.*
2. *Transsec 2 (RF) Limited changed its name to Mobiflow Proprietary Limited with effect from 14 November 2022.*
3. *Transsec 3 (RF) Limited changed its name to Transsec 6 (RF) Limited with effect from 2 March 2023.*
4. *Nutun Corporate Ventures Proprietary Limited acquired an additional 10% shareholding in Nutun CX Proprietary Limited with effect from 19 April 2023. Synergy Contact Centre Proprietary Limited changed its name to Nutun CX Proprietary Limited with effect from 5 April 2023.*
5. *Integer Mortgage SPV Proprietary Limited was acquired by MBD Legal Collections Proprietary Limited with effect from 9 December 2022.*
6. *Integer Mortgage SPV 2 Proprietary Limited was acquired by MBD Legal Collections Proprietary Limited with effect from 9 December 2022.*
7. *Synergy Outsourcing Limited (UK) acquired an additional 10% shareholding in Tyco Holdings Limited with effect from 7 August 2023.*
8. *Transaction Capital Risk Services Mauritius Proprietary Limited changed its name to Nutun Investments International (Mauritius) Proprietary Limited with effect from 7 November 2022.*
9. *Transaction Capital Risk Services Australia Holdings Proprietary Limited changed its name to Nutun Australia Holdings Proprietary Limited with effect from 4 July 2023.*
10. *Transaction Capital Australia Services Proprietary Limited changed its name to Nutun Services Proprietary Limited with effect from 4 July 2023.*
11. *Transaction Capital Risk Services Australia Holdings 2 Proprietary Limited changed its name to Nutun Australia Holdings 2 Proprietary Limited with effect from 4 July 2023.*
12. *Gomo Vehicle Telematics Solutions Proprietary Limited changed its name to Gomo Risk Management Services Proprietary Limited with effect from 2 March 2023.*
13. *Red Sky Finance Proprietary Limited was deregistered with effect from 8 December 2022.*
14. *Ellehove Investments Proprietary Limited was deregistered with effect from 10 March 2023.*
15. *Transaction Capital Holdings Proprietary Limited was incorporated on 17 April 2023.*

Amounts less than R500 000 are reflected as a "<1".

18.2 Investments in subsidiary and group loans reconciliation

	2023 Rm	2022 Rm
Investments in subsidiaries	**4 323**	5 400
Investments at cost	**5 127**	5 400
Impairments	**(804)**	–
Group loan receivable	**1 452**	2 045
Loans receivable	**3 681**	2 045
Impairments	**(2 229)**	–
Loans payable	**(458)**	(456)
Net loan receivable	**994**	1 589

19 Financial risk management

The board is responsible for risk management and the setting of the risk management framework. Oversight of risk management is the responsibility of two board sub-committees; the asset and liability committee (ALCO) and the audit committee. ALCO monitors risks associated with liquidity and funding, interest rates, counterparties, currency exposures and capital adequacy. The audit committee monitors risks associated with financial reporting, accounting policies, internal control and IT governance. The audit committee is responsible for risk management including setting the risk management framework, setting risk appetite and monitoring the group's management of risk including credit and compliance.

19.1 Credit risk

Credit risk is the risk of loss arising from the failure of a client or counterparty to discharge an obligation to the company. The primary credit risk that the company is exposed to arises from the loan to subsidiary companies. The measurement of the ECL relating to this loan is discussed in the section below.

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

Measurement of expected credit losses (ECL)

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

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

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

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

The SA Taxi Holdings has been classified as payable on demand. Given the position of Taxi as at 30 September 2023, they are unable to service the loan as at 30 September. This has given rise to 100% probability of default. Which has resulted in a 100% Expected credit loss being raised. Please refer to the group segmental report for further information on SA Taxi Holding.

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

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

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the company compares the risk of default occurring on the financial instrument at reporting date with the risk of default at the date of initial recognition. In making this assessment, the company considers both qualitative and quantitative information which is reasonable and supportable. The SA Taxi Holdings loan has been classified as payable on demand. SA Taxi Holdings does not have sufficient cash and liquid assets as at year-end to settle the loan, therefore we have assessed probability of default as 100%. A 100% Probability of default has resulted in a 100% expected credit loss being raised. Please refer to the group segmental report for further information on SA Taxi Holding.

There has been a significant increase in credit risk related to the group loan receivable from SA Taxi Holdings. As a result, the loan was classified as Stage 3 and it was credit impaired. The company compared the risk of default occurring on the receivable as at the reporting date with the risk of default as at the date of the initial recognition which indicated a significant increase in credit risk. In addition, the company considered the following information:

- There have been significant adverse changes in business and economic conditions for SA Taxi Holdings which is expected to cause a significant change to their ability to settle the loan.
- There have been significant changes in the operating results of SA Taxi Holdings which have an impact on their ability to settle the loan.

The remaining group loans were assessed as performing and the credit risk has been assessed as low.

19 Financial risk management continued

19.1 Credit risk continued

19.1.1 Financial assets subject to risk

	Group loans* Rm	Trade and other receivables** Rm	Total Rm
2023			
Stage 1	**1 452**	**2**	**1 454**
Stage 2			
Stage 3	**2 229**	**–**	**2 229**
Impairment allowance	**(2 229)**	**–**	**(2 229)**
Non-performing group loan	**(2 229)**	**–**	**(2 229)**
Carrying value of financial assets	**1 452**	**2**	**1 454**
2022			
Stage 1	2 045	–	2 045
Carrying value of financial assets	2 045	–	2 045

* *Group loans relating to SA Taxi have been credit impaired (R2 229 million).*

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

19.2 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 group 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.

19.2.1 Risk profile of financial assets and liabilities

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.

	Floating rate liabilities Rm	Floating rate assets Rm	Net floating rate assets Rm
2022	**1 559**	**1 534**	**(25)**
Total	**1 559**	**1 534**	**(25)**
2021	1 673	3 323	1 650
Total	1 673	3 323	1 650

19.2.2 Weighted average interest rates

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

	2023		2022	
	Bank balances %	Borrowings %	Bank balances %	Borrowings %
Total	**6.0**	**12.6**	1.0	11.4

19 Financial risk management continued

19.2 Interest rate risk continued

19.2.3 Interest rate sensitivity analysis

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

	Effect on profit before tax of 1% change in rates Rm	Total carrying value of assets and liabilities Rm
30 September 2023		
Assets		
Other investments	**–**	**19**
Cash and cash equivalents	**1**	**63**
Group loans	**15**	**1 452**
Total	**16**	**1 534**
Liabilities		
Interest-bearing liabilities	**11**	**1 101**
Floating rate liabilities	**11**	**1 101**
Group loans	**5**	**458**
Total	**16**	**1 559**
Net exposure	**–**	**(25)**
30 September 2022		
Assets		
Other investments	13	1 261
Cash and cash equivalents	<1	41
Group loans*	20	2 021
Total	33	3 323
Liabilities		
Interest-bearing liabilities	11	1 096
Floating rate liabilities	11	1 096
Group loans*	5	456
Trade and other payables	<1	23
Bank overdrafts	1	98
Total	17	1 673
Net exposure	16	1 650

* *Interest free loans have been excluded from group loans balance*

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 and JIBAR 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.

Amounts less than R500 000 are reflected as a "<1".

19 Financial risk management continued

19.3 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 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 group's capital markets (CM) team is responsible for executing on fund raising mandates given to it by subsidiaries in support of the 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.

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	Within 1 year Rm	From 1-2 years Rm	From 2-3 years Rm	From 3-4 years Rm	From 4-5 years Rm	Total Rm
2023							
Liabilities							
Trade and other payables	**9**	**–**	**–**	**–**	**–**	**–**	**9**
Group loans	**–**	**53**	**250**	**29**	**256**	**–**	**588**
Interest-bearing liabilities	**–**	**1 281**	**–**	**–**	**–**	**–**	**1 281**
Financial liabilities	**9**	**1 334**	**250**	**29**	**256**	**–**	**1 878**
Total liabilities	**9**	**1 334**	**250**	**29**	**256**	**–**	**1 878**
2022							
Liabilities							
Bank overdrafts	98	–			–	–	98
Trade and other payables	23	–			–	–	23
Group loans	–	25	53	252	31	256	617
Interest-bearing liabilities	–	–			1 110	–	1 110
Financial liabilities	121	25			1 141	256	1 543
Total liabilities	121	25			1 141	256	1 543

	2023 Rm	2022 Rm
Unsecured bank overdraft facility, reviewed annually and payable on demand:		
Amount used	**–**	98
Amount unused	**100**	2
Total	**100**	100
Senior Debt		
Amount used*	**1 110**	1 110
Total	**1 110**	1 110

* *The amount used excludes the gross commitment fees on these facilities.*

19 Financial risk management continued

19.4 Fair value disclosure

The following 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 the fair value.

	Carrying value 2023 Rm	Total fair value 2023 Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Carrying value 2022 Rm	Total fair value 2022 Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Assets										
Liabilities										
Interest-bearing liabilities	**1 101**	**1 111**	**–**	**–**	**1 111**	1 096	1 096	–	–	1 096
Floating rate liabilities	**1 101**	**1 111**	**–**	**–**	**1 111**	1 096	1 096	–	–	1 096
Total	**1 101**	**1 111**	**–**	**–**	**1 111**	1 096	1 096	–	–	1 096

Valuation methods and assumptions:

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, bank overdrafts and group loan assets and liabilities approximates fair value as they are short-term in nature and not subject to material changes in credit risk and fair value.

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
2023				
Financial assets at fair value through profit and loss				
Other investments	**19**	**–**	**–**	**19**
Total financial assets	**19**	**–**	**–**	**19**
Financial liabilities at fair value through profit and loss				
2022				
Financial assets at fair value through profit and loss				
Other investments	1 261	–	–	1 261
Total financial assets	1 261	–	–	1 261

19 Financial risk management continued

19.5 Statement of financial position categories

	At fair value through profit and loss Rm	At fair value through other compre-hensive income Rm	Financial assets carried at amortised cost Rm	Financial liabilities carried at amortised cost Rm	Non-financial liabilities or non-financial assets Rm	Equity Rm	Total Rm
2023							
Assets							
Cash and cash equivalents	–	–	63	–	–	–	63
Other investments	19	–	–	–	–	–	19
Trade and other receivables	–	–	2	–	2	–	4
Investment in subsidiaries	–	–	–	–	4 323	–	4 323
Group loans	–	–	1 452	–	–	–	1 452
Total assets	19	–	1 517	–	4 325	–	5 861
Equity and liabilities							
Liabilities							
Group loans	–	–	–	458	–	–	458
Trade and other payables	–	–	–	9	–	–	9
Interest-bearing liabilities	–	–	–	1 101	–	–	1 101
Total liabilities	–	–	–	1 568	–	–	1 568
Equity							
Ordinary share capital	–	–	–	–	–	5 280	5 280
Other reserves	–	–	–	–	–	138	138
Retained earnings	–	–	–	–	–	(1 125)	(1 125)
Equity attributable to ordinary equity holders of the parent	–	–	–	–	–	4 293	4 293
Total equity	–	–	–	–	–	4 293	4 293
Total equity and liabilities	–	–	–	1 568	–	4 293	5 861

19 Financial risk management continued

19.5 Statement of financial position categories continued

	At fair value through profit and loss Rm	At fair value through other comprehensive income Rm	Financial assets carried at amortised cost Rm	Financial liabilities carried at amortised cost Rm	Non-financial liabilities or non-financial assets Rm	Equity Rm	Total Rm
2022							
Assets							
Cash and cash equivalents	–	–	41	–	–	–	41
Other investments	1 261	–	–	–	–	–	1 261
Tax receivables	–	–	–	–	2	–	2
Trade and other receivables	–	–	–	–	2	–	2
Investment in subsidiaries	–	–	–	–	5 400	–	5 400
Deferred tax assets	–	–	–	–	3	–	3
Group loans	–	–	2 045	–	–	–	2 045
Total assets	1 261	–	2 086	–	5 407	–	8 754
Equity and liabilities							
Liabilities							
Group loans	–	–	–	456	–	–	456
Other short-term borrowings	–	–	–	98	–	–	98
Trade and other payables	–	–	–	23	–	–	23
Interest-bearing liabilities	–	–	–	1 096	–	–	1 096
Total liabilities	–	–	–	1 673	–	–	1 673
Equity							
Ordinary share capital	–	–	–	–	–	5 192	5 192
Other reserves	–	–	–	–	–	160	160
Retained earnings	–	–	–	–	–	1 729	1 729
Equity attributable to ordinary equity holders of the parent	–	–	–	–	–	7 081	7 081
Total equity	–	–	–	–	–	7 081	7 081
Total equity and liabilities	–	–	–	1 673	–	7 081	8 754

20 Going concern

Please refer to note 48 in the group financial statements for the going concern of the company.

21 Subsequent events

In terms of the Facilities Agreement, Transaction Capital shall supply the Lenders with management accounts within 45 days post each quarter. The Transaction Capital Lenders provided the company with a deferment to the earlier of (i) 14 March 2024 and (ii) the date to which the funders to the SA Taxi group of companies agree to extend their current standstill undertakings relating to the September 2023 as well as the December 2023 quarters.

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

Administration

Registration number

2002/031730/06
(Incorporated in the Republic of South Africa)
("Transaction Capital" or "the group")

JSE share code: TCP
ISIN code: ZAE000167391
Tax reference number: 9466/298/15/6

Registered office

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David Hurwitz (Chief executive officer)
Sahil Samjowan (Chief financial officer)
Mark Herskovits
Jonathan Jawno
Michael Mendelowitz
Roberto Rossi
Suresh Kana (Lead independent director)*
Buhle Hanise*
Albertinah Kekana*
Christopher Seabrooke*
Kuben Pillay*
Diane Radley*
Sharon Wapnick*
(*Independent non-executive)

Company secretary

Lisa Lill

Auditors

Deloitte & Touche

JSE sponsor and equity markets broker

Investec Bank Limited

JSE Debt sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)

Transfer secretaries

Computershare Proprietary Limited

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