TUHF Holdings Limited
(Registration number 2007/024010/06)
Annual financial statements
for the year ended 31 March 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The main business of the company is to invest in subsidiary companies whose main business is to provide commercial property finance in the form of bridging, equity finance and long term loans secured by mortgage collateral and other financial products to finance entrepreneurs and landlords for the purchase, construction and improvement of property for the purpose of the regeneration of South African inner city precincts and surrounding suburbs showing indications of decline where the primary objective is the supplying of housing and associated commercial property for rental stock.
Directors	SS Moraba TM Adler C Coovadia RR Emslie JF Howard PGN Jackson JK Mametsa JS Strelitz IL Roodt L Vutula B Mupangwara
Business address	12th Floor, West Wing Libridge Building 25 Ameshoff Street Braamfontein 2001
Postal address	PO Box 30072 Braamfontein 2017
Holding company	TUHF21 NPC Incorporated in South Africa
Auditor	PricewaterhouseCoopers Inc.
Secretary	Kilgetty Statutory Services Proprietary Limited
Company registration number	2007/024010/06
Preparer	The annual financial statements were internally compiled by: Lulic Mosoene BAP (SA) - Winsome Africa and reviewed by Ilona Roodt CA (SA)
Issued	28 September 2020

Contents

Audit and Risk Committee Report

The audit and risk committee is pleased to present its report to the shareholders of TUHF Holdings Limited as required in terms of section 94(7) of the Companies Act 71 of 2008.

1. Members of the Audit and Risk Committee

The members of the audit and risk committee are all non-executive directors of the group and include:

Name
Cas Coovadia
Robert Emslie
Mandu Mamatela

The committee has the financial and commercial expertise and experience to properly execute its duties and responsibilities. The external audit partner and representative of the internal auditors attend the meetings by invitation. Both external and internal auditors present formal reports to the committee.

2. Duties and responsibilities

The committee's duties and responsibilities are set out in the audit and risk charter approved by the TUHF Holdings Limited board and reviewed annually, as well as in terms of the Companies Act. The committee has regulated its affairs in compliance with this charter. The committee assists the Group's boards in discharging their fiduciary and corporate governance responsibilities in relation to:

- the safeguarding of assets
- the operation of adequate systems and controls, including business rescue plans,
- the adequacy and effectiveness of financial, audit, compliance and IT-related matters;
- preparation of statutory financial reporting and statements
- developing and sustaining the Group's compliance framework and process.
- preparation of sustainability information, and
- prioritising and ranking risks facing the Group and understanding their causes and consequences.

A risk management committee, chaired by the CFO and comprising senior management, has been established to assist the committee in its governance of risk management.

During the year under review, the committee held three meetings.

The committee is satisfied with the quality, effectiveness, independence and objectivity of PricewaterhouseCoopers Inc. as the external auditors.

The committee has approved PricewaterhouseCoopers Inc. terms of engagement and, in addition, has approved the fees paid to them.

At the forthcoming annual general meeting to be held on 29 September 2020, the committee will propose that PricewaterhouseCoopers Inc. be the Group auditors for the 2021 financial year. This appointment will comply with the Companies Act.

3. Summary of key terms of the audit committee

The committee examined the following matters during the financial year:

The reports of the external auditors for the 2019 financial year-end, discussed in July 2019, which dealt with:

- Impairment of advances - IFRS 9 has been implemented since March 2019.
- Credit risk investigation and findings.
- Investment of equity stake in Urban Task Force Proprietary Limited;
- IT general and application control environment; and
- Corporate governance duties.

Monthly management accounts and loan book analyses, quarterly funders' reports for key stakeholders, the annual financial statements and accounting policies and integrated annual report;

The development of work programmes to provide management with a broad understanding of the status of compliance with higher risk regulatory requirements;

Audit and Risk Committee Report

Development of a POPI compliance project to comply with applicable regulatory requirements

The reports of the internal audit functions and recommendations on the state of the Group's internal financial controls, credit risk management process and portfolio management. Audits of liquidity risk and market risk management have been postponed to the forthcoming financial year;

The review of the external auditor's March 2020 audit plan, highlighting key audit areas, such as IFRS 9

The review of the internal audit plan for the financial year ended March 2021, which will cover liquidity risk management, market risk management, credit risk management follow up, selected IT controls review and internal financial control review.

Reviewing the annual financial statements and recommending it to the board for approval.

Reports on the risk assessments and risk management processes in the Group and the exposure to the following:
- Strategies and managing processes for the IT Risk Management framework.
- Liquidity risk and progress in the Jobs Fund programme and the DMTN programme, as well as negotiations with current and potential new funders;
- Credit and solvency risks and a continuous assessment that key ratios remain within the dashboard indicators and funder covenants
- Market risk and the effect of negative macro-economic developments and the necessity of monitoring these effects as the outcome becomes more certain; and
- Operational and political risks were reviewed.

The review of the application of the King IV principles was assessed by holding two workshops during the 2020 financial year. Some amendments and updates to the sub-committees terms of reference, governance policies and codes to align them to recommended practices have been made. Additional improvements will continue to be introduced such as the changes to the audit and other relevant committees in line with the recommended practices.

In discharging its responsibilities during the year under review, the committee has not found or become aware of any material failures, irregularities or misstatements affecting the Group's internal controls, structures and systems. This includes financial controls, accounting policies and controls, and reporting, incorporating the maintenance and improvement of accounting and control systems

4. Internal auditor

The committee has evaluated the role, independence and effectiveness of the internal auditor, KPMG, and is satisfied that their performance meets requirements of the Group's risk management system.

5. Statutory reporting

The committee has evaluated the consolidated and separate annual financial statements of the group for the year ended 31 March 2020. Based on the information provided to the committee, it is of the opinion that the group complies in all respects with the requirements of the Companies Act, the International Financial Reporting Standards and all other applicable legislation.

6. Internal financial functions

The Board of the Group has delegated the responsibility for the oversight of the financial reporting to the committee. The committee has taken responsibility for the governance of financial reporting, internal and external audits, and internal controls and policies.

The competency, skills and resources of the finance function required by the Group have been assessed, and the committee is satisfied that the finance function requirements are adequate and appropriate.

The committee is satisfied that the internal controls of the Group operated effectively during the year ended 31 March 2020. The committee also provides reasonable assurance that the financial records for the preparation of the annual financial statements can be relied upon.

7. Chief financial officer

The committee has, under review, affirmed that Ms. Ilona Roodt has the expertise and experience to undertake the duties and responsibilities of the chief financial officer.

Audit and Risk Committee Report

8. Company secretary

The committee has satisfied itself that the company secretary, Kilgetty Statutory Services Proprietary Limited, has the appropriate competence and experience and will maintain an arm's-length relationship with directors

9. King IV register

The application of the King IV Code is undertaken by the Group and disclosed in the consolidated financial statements of TUHF Limited and TUHF Holdings Limited, and in the TUHF21 NPC Integrated Annual Report: http://www.tuhf.co.za/investorrelations/#tuhf-limited.

10. Recommendation of the annual financial statements

The committee has fulfilled its oversight role regarding the reporting process for the consolidated and separate annual financial statements and being satisfied with the integrity of this report, recommends that the annual financial statements be approved by the board of directors.

Robert Emslie
Chairman Audit Committee

Tuesday, 29 September 2020

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the group's cash flow forecast for the year to 31 March 2021 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existance for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditor and their report is presented on pages13 to 19.

The annual financial statements set out on pages 20 to 78, which have been prepared on the going concern basis, were approved by the board of directors on 29 September 2020 and were signed on their behalf by:

SS Moraba | **PGN Jackson**

Tuesday, 29 September 2020

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of TUHF Holdings Limited and its subsidiaries for the year ended 31 March 2020.

1. Incorporation

The company was incorporated in South Africa on 24 August 2007 and obtained its certificate to commence business on the same day.

2. Nature of business

The main business of the company is to invest in subsidiary companies whose main business is to provide commercial property finance in the form of bridging, equity finance and long term loans secured by mortgage collateral and other financial products to finance entrepreneurs and landlords for the purchase, construction and improvement of property for the purpose of the regeneration of South African inner city precincts and surrounding suburbs showing indications of decline where the primary objective is the supplying of housing and associated commercial property for rental stock.

TUHF Holdings Limited operates in a very narrow segment of funding. There are no clearly distinguishable segments within the business. As such no segmental information has been provided.

There have been no material changes to the nature of the group's business from the prior year.

3. Review of financial results and activities

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 2.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated and separate annual financial statements.

4. Share capital

Authorised	2020	2019
	Number of shares	
Ordinary shares of no par value	150 000 000	150 000 000
Class C ordinary shares of no par value	20 000 000	20 000 000
No par value unspecified share	100 000 000	100 000 000
Cumulative redeemable preference shares of R1 000 per share	35 000	35 000

Issued	2020 R	2019 R	2020	2019
			Number of shares	
Ordinary shares*	90 012 741	90 012 741	79 551 833	79 551 833
Class C ordinary shares: National Housing Finance Corporation SOC Limited	6 533 403	6 533 403	7 936 059	7 936 059
Class C ordinary shares: TUHF21 NPC	18 802 212	18 802 212	5 290 706	5 290 706
Share Premium	18 739 068	18 739 068	-	-
	134 087 424	**134 087 424**	**92 778 598**	**92 778 598**

Refer to note 20 of the consolidated and separate annual financial statements for detail of the movement in authorised and issued share capital.

*The ordinary shares at group level includes 100 shares allocated to the TUHF Urban Finance Owner Trust, 100 shares allocated to the Vuselela Warehouse SPV Owner Trust and 100 shares allocated to the Vuselela Collections SPV Owner Trust.

Directors' Report

5. Dividends

Depending on the perceived need to retain funds for operating purposes, the directors will at their discretion consider and approve a dividend.

Ordinary shares	2020	2019
Dividend payable	-	15 600 000
Dividend paid in respect to prior year	15 433 444	17 336 266

Preference shares	2020	2019
Interest charge for the year on preference shares issued	2 525 696	2 542 268

6. Conditional share plan

The Group has a Conditional Share Plan (CSP) from which conditional share and cash awards are granted to senior employees and junior employees respectively of TUHF Limited.

The awards granted are subject to a performance management system and are measured over a three year performance period. The performance conditions of the awards are determined by the management of the employing companies (presently only TUHF Limited) for each of the performance years by means of a performance management assessment (Performance Contract).

For each of the financial years covering the performance period, the performance level of the Performance Contract will be reviewed. At the end of the performance periods the Performance Contract will be finalised. The company's Remuneration Committee, together with the management of TUHF Limited, will examine the extent to which performance conditions have been satisfied and determine the awards that employees will be entitled to. The awards decided upon will be vested over a period of three years in equal numbers.

During the year under review, the following transactions took place:		
-Conditional awards granted	5 234 292	-
-Conditional awards vested	-	8 747
-Conditional awards purchased	41 859	43 454
As at 31 March		
-Total shares vested	2 668 287	2 710 176
Treasury shares held by TUHF Limited	1 397 621	1 355 742

7. Directorate

The directors in office at the date of this report are as follows:

Directors	Designation	Changes
SS Moraba	Non-executive	
TM Adler	Non-executive	
C Coovadia	Non-executive	
RR Emslie	Non-executive	
JF Howard	Non-executive	
PGN Jackson	Executive	
JK Mamatela	Non-executive	
JS Streitz	Non-executive	
IL Rusch	Executive	
L Vutula	Non-executive	
R Solomon	Non-executive	Resigned Friday, 20 September 2019
B Mopangwana	Non-executive	Appointed Wednesday, 25 March 2020

**The PIC representative in all entities was Rubina Solomon and is now Belinda Mopangwana, appointed 25 March 2020.

Directors' Report

8. Holding company

The majority shareholders of the company are TUHF21 NPC and National Housing Financing Corporation SOC Limited who together hold 65.5% (2019: 65,5%) of the company's issued share capital.

9. Borrowing powers

In terms of the Memorandum of Incorporation, the borrowing powers of the group are unlimited. However all borrowings by the group are subject to board approval as required by the board delegation of authority.

Debt capital (interest bearing debt / interest bearing debt plus capital and reserves) of the group must be 90% or below. For the current year debt capital was 86% (2019: 85%).

The company's subsidiary, TUHF Limited issued listed notes on the JSE Limited amounting to R 408 160 426 million in January 2017. TUHF Holdings Limited is the guarantor in this structure. The issued notes are secured by loan assets with a book value of R 530 million and an underlying collateral value of approximately R625 million. The notes were re-issued for a further period in January 2020 with a maturing date of January 2024.

The covenants achieved on issue date and at year end

- Loan to value ratio of 57.5%
- Concentration of top 5 assets < 35%
- Pool and group debt service coverage ratio 1.1

TUHF Holdings Limited reports to investors every six months, in September and March of each year. TUHF Holdings Limited can substitute assets with other qualifying assets upon sale of assets or if the assets no longer meet the qualifying criteria. At the 2020 year end no events of default were reported but the arrears on TUHF Limited company level exceeded the 10% covenant by 0.97% and was reported to the investor. During the year, the average arrears was at 13% but reduced to 10.97%as at year end. In addition, TUHF Limited also breached its cost to income ratio covenant of 65% by 10% as required by certain funder loan agreements.

TUHF Limited has received condonation from National Housing Financing Corporation SOC Limited (NHFC), Futuregrowth on behalf of OMLACSA , Sanlam Investment Management Proprietary Limited and Sanlam Capital Markets a division of Sanlam Life Insurance Limited regarding the covenant breach following year end. This is also evidenced in the ongoing support of the business by not calling on the facilities for payment despite the covenant breach , the extension of the terms of existing facilities, payment concessions granted by all balance sheet funders from April to September and the approval of additional injection of funds by Futuregrowth and the NHFC of R 55 million in the form of a subordinated shareholders loan. At the date of the approval of the financial statements, the legal contracts are still outstanding.

The group has a listed, rated securitisation structure that has performed well to date during the Covid-19 pandemic with no covenant or trigger breaches reported. This will positively impact the group's ability to continue to access funds through the capital markets as capital markets open.

10. Special resolutions

No special resolutions, the nature of which might be significant to the shareholder in their appreciation of the state of affairs of the group were made by the group or any of its subsidiaries during the period covered by this report.

11. Events after the reporting period

The Covid-19 pandemic is an adjusting post balance sheet event for TUHF Holdings Limited. Refer to note 40 for details.

12. Auditors

PricewaterhouseCoopers Inc. continued in office as auditors for the company and its subsidiaries for 2020.

At the AGM, the shareholders will be requested to reappoint PricewaterhouseCoopers Inc. as the independent external auditors of the company until 31 December 2020. This would allow for the conclusion of a tender process where the appointment of the external auditors will be invited and considered. PWC will be invited to tender in this process.

Directors' Report

13. Funding

A revolving 3-year R 400 million warehouse funding facility from Futuregrowth Asset Management Proprietary Limited, acting as agent for various lenders, was approved to be used over three years. The facility is currently in its third year and R 350 million of the facility was repaid in the first quarter of 2020, but the repayment of the remaining R 50 million has been extended to March 2021.

The warehouse facility was used to originate assets for the listed Domestic Medium Note Program. The R 280 million Domestic Medium-Term Note program matured in January 2020 and was extended to October 2024. The note program remains listed.

During the year under review the company secured the following funding facilities:

- R 50 million National Housing Finance Corporation
- R 100 million Taquanta Asset Management
- R 50 million Small Enterprise Finance Agency

A securitisation funding structure raising R 500 million was implemented in December 2018. A further tap assistance of R150 million was raised in October 2019. TUHF Limited is the originator in this capital market scheme and retains the role of servicer and administrator. The issuer, TUHF Urban Finance (RF) Limited is a bankruptcy remote company, independently owned by the TUHF Urban Finance Owner Trust.

A senior revolving facility for R 700 million was put in place with Standard Bank of South Africa Limited in January 2020 in a bankruptcy remote company which uses the funding to acquire assets from TUHF Limited. TUHF Limited is the originator in this capital market scheme and retains the role of servicer and administrator. Vuselela Warehouse SPV (RF) Proprietary Limited is a bankruptcy remote company, independently owned by the Vuselela Warehouse Owner Trust. As at the end of March 2020, the company had acquired assets to the value of R 437 million. The acquisitions were funded by R 387 million drawdown from the Standard Bank warehouse and a R 50 million subordinated loan from TUHF Limited. The facility remains active and at year end R 387 million was committed under the Bank Warehouse.

The liquidity mismatch pertaining to the period up to five years after reporting date will be managed by refinancing interest bearing liabilities. Refer to note 9 for the maturity analysis relating to advances. Refer to the liquidity risk note for the calculation of the liquidity mismatch.

14. **Secretary**

The company secretary is Kilgetty Statutory Services Proprietary Limited.

15. **Material uncertainties relating to the going concern**

In determining the appropriateness of the use of the going concern assumption, the directors are required to consider whether the company and group can continue as a going concern for the foreseeable future. We draw attention to the fact that there are material uncertainties relating to the going concern assumption which is disclosed in note 39.

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

Directors' Report

16. Management agreement

In September 2009 the Company entered into a management agreement with TUHF Limited in terms of which TUHF Limited will provide management and administrative services necessary, incidental and ancillary to satisfy the ongoing commercially reasonable requirements for the Company including but not limited to secretarial services, accounting services, banking services, administrative services, corporate governance services, social and ethic management, strategy planning and reporting services and statutory reporting services.

The Board agrees to delegate the corporate governance functions, decisions and applications to the board of TUHF Limited. The directors of TUHF Limited will however be subject to instructions from the this board, to the Company's Memorandum of Incorporation and be required to safeguard, at all times, the interests of the Company when implementing the obligations and duties set out in the management agreement.

The board of TUHF Limited will therefore respect the fiduciary duties of this board.

The implementation and adoption of policies, processes and procedures of TUHF Limited will be considered and approved by this board as a signatory to the management agreement.

A formally documented and approved Board Charter outlines the scope of authority, responsibilities, powers and functioning of the TUHF Limited board. This charter is reviewed on an annual basis to ensure that it remains relevant and in line with governance best practice.

Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the group has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Matthew Wray for and on behalf of Kilgetty Statutory Services (Pty) Ltd
Johannesburg
Tuesday, 29 September 2020

Independent auditor's report

To the Shareholders of TUHF Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of TUHF Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

What we have audited

TUHF Holdings Limited's consolidated and separate financial statements set out on pages 20 to 78 comprise:

- the consolidated and separate statements of financial position as at 31 March 2020;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

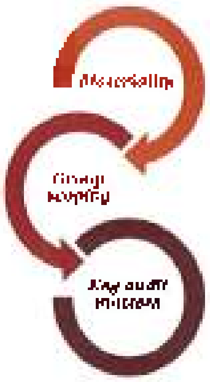
We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

Material uncertainty relating to going concern

We draw attention to Note 39 in the consolidated and separate financial statements, which indicates that the Group is heavily dependent on the intention and the ability of its funders to either grant new funding or to refinance existing facilities that are due for repayment in the next 12 months in order to fund the liquidity mismatch in the next 12 months. As stated in Note 39, these events or conditions, along with other matters as set forth in Note 39, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

Overview



Overall group materiality

- *R113,590,046, which represents 3% of consolidated total assets.*

Group audit scope

- *Full scope audits were performed for all components based on statutory audit requirements.*

Key audit matters

- *Expected credit losses on loans and advances and loans to group companies and related parties.*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R113,530,046*
How we determined it	*3% of consolidated total assets.*
Rationale for the materiality benchmark applied	*We consider the Group to be an asset based entity. The primary users of the consolidated financial statements are funders who supply financing to the Group to enable it to provide loans and advances. From the funders' perspective, the size and quality of the loans and advances portfolio are important.* *As a result, we chose consolidated total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group will be measured by users.* *We chose 3% which is consistent with the quantitative materiality thresholds that we would typically apply when using total assets to compute materiality.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements are a consolidation of the Company and its seven subsidiaries (each considered to be a component for purposes of our group audit scope). Our scoping assessment included consideration of the financial significance of the components, the sufficiency of work planned to be performed over material financial statement line items, as well as statutory audit requirements.

We performed full scope audits on all components based on statutory audit requirements. This, together with additional procedures performed at the group level, including testing of consolidation journals and intercompany eliminations, gave us sufficient and appropriate audit evidence to form an opinion on the consolidated financial statements as a whole.

In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team in order to issue our audit opinion on the consolidated financial statements of the Group.

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 separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	*How our audit addressed the key audit matter*
Expected credit losses on loans and advances and loans to group companies and related parties *This key audit matter relates to the consolidated and separate financial statements.* Refer to the following accounting policies and notes to the consolidated and separate financial statements: • Note 1.4 - Significant judgements and sources of estimation uncertainty; • Note 1.8 - Financial Instruments; • Note 1.9 - Expected Credit Losses on loans to group companies and related parties; • Note 4 - Risk management, Credit risk; • Note 9 - Loans and advances; • Note 12 - Loans to/(from) group companies and related parties; and • Note 28 - Expected credit losses. IFRS 9 – *Financial Instruments* (IFRS 9) requires the recognition of expected credit losses (ECL) on all financial assets within the scope of its impairment model. The ECL on loans and advances, and loans to group companies and related parties have been identified as a matter of most significance to the current year audit due to the magnitude of the loans and advances, and loans to group companies and related parties and the level of significant judgement applied by management in determining the ECL. The key areas of significant judgement applied by management in the ECL calculations include the following: • Evaluation of significant increase in credit risk (SICR) and the resultant staging of the loans as stage 1, 2 or 3 in accordance with the requirements of IFRS 9; *In evaluating SICR and determining the staging of loans, management takes into account qualitative and quantitative factors such as financial distress, significant change in collateral value, significant adverse changes in business, financial and/or economic status in which the counterparty*	We obtained an understanding of and tested the relevant controls relating to the approval of credit facilities, subsequent monitoring and remediation of exposures, and collateral valuation. We further performed the following procedures: • Evaluation of significant increase in credit risk (SICR) and the resultant classification of the loans as stage 1, 2 or 3 in accordance with the requirements of IFRS 9: *We selected a sample of exposures and assessed whether the stage classification of these exposures is appropriate in terms of the requirements of IFRS 9. These procedures included the inspection of the minutes of the arrears and problematic project committee, discussions with management on a sample of clients included in the problematic project committee minutes and inspection of the payment history of the relevant counterparties. No exceptions were noted in terms of the classification of the loans as stage 1, 2 or 3 in accordance with the requirements of IFRS 9 for our sample selected.* • Incorporation of macro-economic inputs and forward looking information into the SICR assessment and ECL measurement: *Making use of our internal economic and internal actuarial expertise, we independently assessed the reasonableness of the macro-economic factors and forward looking information against market related data, including the impact of COVID-19, in the determination of the ECL. No exceptions were noted.*

operates, in order to determine whether there has been a SICR.

- Incorporation of macro-economic inputs and forward looking information into the SICR assessment and ECL measurement;

  The assessment of SICR and the calculation of ECL both incorporate forward looking information. Forward looking economic expectations are included in the ECL calculation based on the Group's macroeconomic outlook, using models that correlate these parameters with macro-economic variables.

  The Group has adjusted its macroeconomic outlook to take the impact of COVID-19 into account.

- Input assumptions applied to estimate the probability of default (PD), exposure at default (EAD) and loss given default (LGD) within the ECL measurement.

  The ECL is calculated using statistical models which incorporate observable data, assumptions and estimates relating to historical default experience, timing and amount of forecasted cash flows and the value of collateral.

- Input assumptions applied to estimate the probability of default (PD), exposure at default (EAD) and loss given default (LGD) within the ECL measurement.

  Making use of our internal economic and internal actuarial expertise, we assessed the input assumptions applied within the PD, EAD and LGD models (including forward looking information) against the requirements of IFRS 9. In addition, our procedures included assessing the appropriateness of the models through reperformance and validation procedures. We found the models applied by management to be in accordance with IFRS 9.

  For a sample of properties provided as collateral, we performed the following procedures to test the fair value of collateral:

  a. *Where external valuers were used, we assessed the competence, capabilities and objectivity of the externally appointed valuation expert by assessing their accreditation and relevant experience;*
  b. *We benchmarked the capitalisation rates used to value the collateral against market related data. Using our independently obtained data, we recalculated the fair value of the collateral and agreed the values to the accounting records with no material differences noted; and*
  c. *We assessed whether the Group has appropriate title to the collateral through inspection of title deeds and other relevant legal documentation, and noted no exceptions.*

  We assessed the adequacy of the disclosures in the financial statements in accordance with IFRS 9.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*TUHF Holdings Limited Annual financial statements for the year ended 31 March 2020*", which includes the Audit and Risk Committee Report, the Directors' Report and the Company Secretary's Certification as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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 PricewaterhouseCoopers Inc. has been the auditor of TUHF Holdings Limited for 9 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Gino Fraser
Registered Auditor
Johannesburg
30 September 2020

TUHF Holdings Limited

(Registration number 2007/024013/06)
Annual Financial Statements for the year ended 31 March 2020

Statements of Financial Position as at 31 March 2020

		Group		Company	
Figures in Rand	Note(s)	2020	2019	2020	2019
Assets					
Cash and cash equivalents	7	92 701 693	85 190 988	2 645	46 209
Money market assets	8	3 627 720	47 308 236	-	-
Current tax receivable		10 809 380	4 786 697	1 470 634	-
Loans and advances	9	3 544 254 413	3 043 412 928	-	-
Other assets	10	3 632 755	6 774 840	312	428
Properties in possession	11	11 400 000	-	-	-
Loans to group companies and related parties	12	46 359 810	31 975 185	145 563 400	170 100 996
Investments in subsidiaries	13	-	-	26 380 102	26 380 102
Investments in joint ventures	14	4 699 154	2 963 361	-	-
Unlisted investments	15	24 573 001	23 770 113	-	-
Equipment	16	1 928 347	2 119 114	-	-
Right-of-use assets	17	8 258 242	-	-	-
Intangible assets	18	4 785 034	5 704 194	-	-
Deferred tax	19	27 275 188	24 102 386	2 885 128	-
Total assets		**3 784 334 877**	**3 272 607 983**	**176 322 281**	**196 527 735**
Equity and Liabilities					
Equity					
Share capital	20	126 697 941	126 807 874	134 087 224	134 087 224
Non distributable reserves	21	157 499 759	157 499 759	-	-
Share based payment reserve	26	6 997 098	-	-	-
Retained income		185 550 696	174 616 070	5 530 070	10 035 117
		476 745 494	**458 925 803**	**139 617 294**	**144 122 341**
Liabilities					
Lease liabilities	17	9 227 648	-	-	-
Loans from group companies	22	15 534 910	20 321 976	102	102
Trade and other payables	23	9 923 546	7 993 265	-	-
Financial liabilities	24	3 264 135 401	2 761 914 358	36 704 797	35 734 465
Current tax payable		-	96 839	-	70 690
Dividends payable		-	15 500 000	-	15 000 000
Deferred tax	19	6 767 878	8 055 570	88	117
		3 307 589 383	**2 813 682 060**	**36 704 987**	**52 405 394**
Total Equity and Liabilities		**3 784 334 877**	**3 272 607 863**	**176 322 281**	**196 527 735**

Statements of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	Group 2020	Group 2019 Restated	Company 2020	Company 2019
Interest income	26	471 471 132	397 870 293	20 514 579	17 568 797
Interest expenses	27	(298 518 121)	(242 503 556)	(8 844 668)	(7 256 057)
Expected credit losses	28	(42 821 409)	(25 240 144)	(17 173 381)	-
Gains (losses) arising from derecognised financial assets measured at amortised cost		(12 740 112)	-	-	-
Income from lending activities		**117 191 490**	**130 126 593**	**(5 503 470)**	**10 312 740**
Non-interest income	29	5 707 623	5 916 588	166 556	-
Other operating gains	30	802 888	1 166 782	-	-
Other operating expenses	31	(115 411 579)	(88 114 058)	(2 652)	(3 505)
Operating profit (loss)		**8 290 422**	**49 095 906**	**(5 339 566)**	**10 309 235**
Investment income	33	5 977 445	5 225 509	-	15 000 000
Profit (loss) before taxation		**14 267 868**	**54 321 414**	**(5 339 566)**	**25 309 235**
Taxation	34	(3 235 242)	(15 737 806)	834 519	(3 598 420)
Total comprehensive income (loss) for the year		**11 032 626**	**38 583 608**	**(4 505 047)**	**21 710 815**

Statements of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Share based payment reserve	Non-distributable reserve	Total reserves	Retained income	Total equity
Group								
Opening balance as previously reported	108 344 714	18 703 848	127 048 562	15 482	157 493 759	157 510 241	140 190 790	424 754 595
Adjustments								
Change in accounting policy - IFRS 9	-	-	-	-	-		11 029 220	11 029 220
Balance at 01 April 2018 as restated	108 344 714	18 703 848	127 048 562	15 482	157 493 759	157 510 241	151 220 010	435 783 813
Total comprehensive income for the year	-	-	-	-	-	-	38 663 698	38 583 606
Issue of shares	8 788	35 220	44 008			-	-	44 008
Purchase of treasury shares	(184 505)	-	(184 505)	(15 482)	-	(15 482)	-	(200 076)
Dividends	-	-	-			-	(16 285 548)	(16 285 548)
Total contributions by and distributions to owners of company recognised directly in equity	(175 808)	35 220	(140 488)	(15 482)		(15 482)	(16 285 548)	(16 441 515)
Balance at 01 April 2019	108 168 906	18 738 068	126 907 974	-	157 493 759	157 493 759	174 598 070	458 928 803
Total comprehensive income for the year	-	-	-	-	-	-	11 932 626	11 932 626
Issue of shares	200	-	200	-	-	-	-	200
Purchase of treasury shares	(210 233)	-	(210 233)	-				(210 233)
Equity-settled share-based payment transactions	-	-	-	5 997 098		5 997 098	-	5 997 098
Total contributions by and distributions to owners of company recognised directly in equity	(210 033)	-	(210 033)	5 997 098	-	5 997 098	-	5 787 065
Balance at 31 March 2020	107 958 873	18 738 068	126 697 941	5 997 098	157 493 759	163 490 857	186 550 696	476 739 494
Note(s)	20	20	20		21			

Statements of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Share based payment reserve	Non-distributable reserve	Total reserves	Retained income	Total equity
Company								
Balance at 01 April 2018	115 339 468	18 703 848	134 043 316		-	-	3 609 920	137 653 236
Total comprehensive income for the year	-	-	-	-	-	-	21 710 815	21 710 815
Issue of shares	8 688	35 220	43 908	-	-	-	-	43 908
Dividends	-			-	-	-	(15 285 548)	(15 285 548)
Total contributions by and distributions to owners of company recognised directly in equity	8 688	35 220	43 908	-	-	-	(15 285 548)	(15 241 640)
Balance at 01 April 2019	115 348 156	18 739 068	134 087 224	-	-	-	10 035 187	144 122 411
Total comprehensive Loss for the year	-	-	-	-	-	-	(4 405 114)	(4 405 114)
Balance at 31 March 2020	115 348 156	18 739 068	134 087 224	-	-	-	5 630 073	139 717 297
Note(s)	20	20	20		21			

Statements of Cash Flows

Figures in Rand	Note(s)	Group 2020	Group 2019	Company 2020	Company 2019
Cash flows from operating activities					
Interest income		424 304 286	343 386 315	188	186
Rental income		1 383 738	1 249 525	-	-
Sundry income		-	801 026	-	-
Early repayment penalty		1 814 085	739 175	-	-
Interest expenses		(310 282 062)	(225 010 822)	(2 542 267)	-
Tax paid		(13 820 455)	(35 400 013)	(3 592 022)	(5 231 269)
Cash paid to suppliers and employees		(101 094 584)	(96 089 693)	(15 888)	(3 446)
Management fees		1 171 020	2 666 879	-	-
Cash received from clients		288 182	2 460 947	-	-
Dividend paid		(15 433 444)	(34 593 329)	(15 433 444)	(19 693 329)
Net movement in advances		(190 665 372)	(456 703 245)	-	-
Proceeds from financial liabilities		1 017 000 000	326 447 731	-	-
Repayments of financial liabilities		(973 892 052)	(270 395 527)	-	-
Proceeds from notes issue		152 657 315	500 000 000	-	-
Net cash from operating activities				-	-
		(7 189 346)	51 895 277	**(21 583 211)**	(25 927 858)
Cash flows from investing activities					
Purchase of equipment					
Proceeds from disposal of equipment	13	(849 074)	(1 046 525)	-	-
Purchase of other intangible assets	15	1 739	15 567	-	-
Loan to related party	15	(1 521 209)	(1 627 739)	-	-
TUHF equity shareholders loans granted		-	(7 129 022)	-	-
Dividends received		(10 174 299)	(11 600 000)	-	-
Net cash from investing activities		616 336	15 500 000	15 000 000	15 000 000
		(12 025 597)	(5 887 719)	**15 000 000**	**15 000 000**
Cash flows from financing activities					
Payments to employees for Treasury shares purchased by TUHF Limited		(210 233)	(40 838)	-	-
Principal lease payments					
Amounts paid to related parties		(4 177 172)	-	-	-
Amounts received from related parties		(15 240 265)	(13 566 050)	(10 645 814)	(18 946 125)
Proceeds on share issue		9 672 801	10 846 657	17 185 461	29 874 321
Net cash from financing activities	20	-	-	-	43 908
		(9 954 869)	(2 760 231)	6 539 647	10 972 104
Total cash movement for the year					
Cash at the beginning of the year		(29 169 811)	43 038 327	(43 564)	44 248
Total cash at end of the year		125 499 224	82 459 897	46 209	1 961
	7	96 329 413	125 498 224	2 646	46 209

Accounting Policies

Corporate information

TUHF Holdings Limited is a public company incorporated and domiciled in South Africa.

The consolidated and separate annual financial statements for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on Tuesday, 29 September 2020.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group and company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power to direct the activities of the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses.

1.3 Investments in joint ventures

Joint ventures are initially measured at cost and subsequently accounted for using the equity method at an amount that reflects the group's share of the net assets of the joint venture (including goodwill). Equity accounting is applied from the date on which the entity becomes a joint venture up to the date on which the group ceases to have significant influence or joint control. Equity accounting of losses is restricted to the interests in these entities, including unsecured receivables or other commitments unless the group has an obligation or has made payments on behalf of the associate or joint ventures. Where there is an indicator of impairment the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying amount. Impairment losses are recognised through non-trading and capital related items.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.4.1 The impact of Covid-19 on IFRS 9 ECL

The disruption of normal economic activity as a result of Covid-19 has in many instances resulted in an increase in credit risk for many of TUHF Limited's clients. The group based their ECL estimates on the best available information about past events, current conditions and forecasts of economic conditions. In assessing forecast conditions, consideration has been given both to the effects of Covid-19 and the significant government support measures being undertaken. As a result of the significant uncertainty, it is difficult to incorporate the specific effects of Covid-19 and government support measures on a reasonable and supportable basis. However, changes in economic conditions have been reflected in macroeconomic scenarios applied and their weightings. The company has taken steps to determine the impact of Covid-19 on all its clients. Where a clients business have been impacted this information was taken into account in determining the expected credit losses.

Another area of significant judgement relates to the migration of accounts between the IFRS 9 staging buckets. Any relief that is granted by the Group to selected clients in the form of short-term payment holidays was assessed in conjunction with other factors prior to determining whether accounts to which such relief is provided move either to stage 2 or stage 3.

All reasonable and supportable information that was available to make a distinction between those accounts where the credit risk has increased significantly and those accounts where credit risk has not increased significantly has been carefully considered. If an account was up to date prior to the relief measure and the account is expected to remain in up-to-date status once the relief period ends, all other factors remaining constant, management assumed that no significant increase in credit risk has occurred and the account has not been moved to stage 2. If however, there are adverse changes in other circumstances which are not expected to be temporary in nature over and above the relief provided (e.g. a mortgage debtor is retrenched or an the client enters business rescue or suffers losses that put into question its ability to repay the outstanding balance), it can be reasonably concluded that a significant increase in credit risk has occurred, warranting the migration of the account into stage 2 or stage 3.

The Group obtained macroeconomic forecasts from external sources in order to incorporate forward-looking information (FLI) in the Expected Credit Loss (ECL) models for loan and advances, loans to group companies and loans to related parties. The main macroeconomic factor that was utilised was GDP forecasts in order to estimate the forward-looking impact on all applicable IFRS 9 ECL provisions, which is summarised as follows.

Scenario	Probability	2020
Upside	20%	-10,2%
Base	50%	-11,7%
Downturn	30%	-13,2%

1.4.2 Sensitivity analysis applicable to 2019

The property price downturn, base case and upturn is based on research obtained from Lightstone Properties. 10 geographic areas were considered and forecasts for each area obtained, the stresses and % used in each area differ according to the outlook for each area.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

PD Adjustment Factors - correlated to prime interest rate (2019)

	2019	**2020**	**2021**	**2022**
1 - Downturn	96%	100%	102%	104%
2 - Base case	96%	99%	100%	100%
3 - Upturn	96%	98%	95%	90%

1.4.3 Expected credit losses (ECL's) on loans and advances

In respect of the ECL's for loans in the non-performing category we reported ECL's of R76 599 752 (2019 : R62 086 243).

In respect of the ECL's for loans in the performing category we reported ECL's of R45 587 643 (2019: R17 318 737).

Total expected credit losses Stage 1, 2 and 3 combined reported are: R122 187 395 (2019: R79 404 980).

In respect of the ECL's for loans and advances, the weighted average of the downturn, base case and upturn scenario is as follows.

	2020	**2019**
Downturn	R122 602 848	R81 062 504
Base case	R122 187 395	R79 404 980
Upturn	R121 791 828	R76 551 684

1.4.4 Expected credit losses (ECL's) on loans to group companies

TUHF Holdings Limited Group

In respect of the ECL's for loans to group companies in the non-performing category we reported ECL's of R600 169 (2019 R0)

In respect of the ECL's for loans to group companies in the performing category we reported ECL's of R154 620 (2019: R0).

Total expected credit losses, Stage 1, 2 and 3 combined reported are: R754 789 (2019: R0)

In respect of the ECL's loans to group companies, the weighted average of the downturn, base case and upturn scenario is as follows

	2020	**2019**
Downturn	R881 225	R0
Base case	R754 789	R0
Upturn	R633 831	R0

TUHF Holdings Company

In respect of the ECL's for loans to group companies in the non-performing category we reported ECL's of R0 (2019 R0).

In respect of the ECL's for loans to group companies in the performing category we reported ECL's of R17 173 381 (2019 R0).

Total expected credit losses, Stage 1, 2 and 3 combined reported are R17 173 381 (2015: R0).

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

In respect of the ECL's loans to group companies, the weighted average of the downturn, base case and upturn scenario is as follows:

	2020	2019
Downturn	R21 454 292	R0
Base case	R17 173 351	R0
Upturn	R15 270 736	R0

1.4.5 Expected credit losses (ECL's) on loans to related parties

TUHF Holdings Limited Group

In respect of the ECL's for loans to related parties in the non-performing category we reported ECL's of R189 777 (2019 : R0).

In respect of the ECL's for loans to related parties in the performing category we reported ECL's of R54 336 (2019: R0).

Total expected credit losses, Stage 1, 2 and 3 combined reported are: R244 113 (2019: R0).

In respect of the ECL's loans to related parties, the weighted average of the downturn, base case and upturn scenario is as follows:

	2020	2019
Downturn	R317 347	R0
Base case	R244 113	R0
Upturn	R195 290	R0

1.5 Properties in possession

Properties in possession are properties acquired by the group which were previously held as collateral for underlying lending arrangements that, subsequent to origination, have defaulted. The properties are initially recognised at cost and are subsequently measured at the lower of cost and its net realisable value. Any subsequent write-down in the value of the acquired properties is recognised as an operating expense. Any subsequent increases in the net realisable value, to the extent that it does not exceed its original cost, are also recognised within operating expenses.

1.6 Equipment

Equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Expenditure incurred subsequently for major services, additions to or replacements of parts of equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Accounting Policies

1.6 Equipment (continued)

The useful lives of items of equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Office furniture and equipment	Straight line	20% - 33.33% per annum
Computer hardware and telephones	Straight line	25% per annum

The useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on equipment when there is an indicator that they may be impaired. When the carrying amount of an item of equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.7 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, as follows:

1.7 Intangible assets (continued)

Item	Useful life
Computer software	20% per annum

1.8 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

IFRS 9 introduces requirements for the classification and measurement of financial assets and liabilities as well as accounting requirements for impairment of financial assets measured at amortised cost.

Classification and subsequent measurement of debt instruments depends on:

the entity's business model for managing the asset; and

the cash flow characteristics of the asset.

Based on these factors, the entity classifies its debt instruments into one of the following three measurement categories
- Amortised cost. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows, or
- Fair value through profit or loss. This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income.

Loans to/(from) group companies and related parties, loans to managers and employees, and loans and advances are subsequently classified at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Application of the effective interest rate method

Interest income is calculated using the effective interest method, and is included in profit or loss in interest income (note 26&33).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:
- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.
- Raising fees that are integral to the to the effective interest rate are capitalised to the value of the loan and are amortised to profit or loss and other comprehensive income over the expected life of the loan using the effective interest rate method.
- Other fees earned, such as penalty fees on late payment of instalments and early settlement penalty amounts accrue to the company.

Impairment

IFRS 9 Three Stage Model

	Staging	ECL - Measurement
Stage 1	Loans and advances that are not credit impaired on initial recognition are classified in "Stage 1" and have their credit risk continuously monitored by the company.	Loans and advances in Stage 1 have their ECL measured based on an amount equal to the portion of 12 months expected credit losses that result from default events possible within the next 12 months.

Accounting Policies

1.8 Financial Instruments (continued)

Stage 2	If a significant increase in credit risk ("SICR") since initial recognition is identified, the loans and advances are moved to "Stage 2" but are not yet deemed to be credit-impaired.	Loans in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
Stage 3	If the loan is in default, the financial instrument is then moved to "Stage 3".	
Forward looking information	A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.	
Significant increase in credit risk	SICR- is determined through a watchlist process whereby financial and project performance of the counterparties is discussed. In addition, the status of the construction of ongoing projects is taken into account as well as other ad hoc indicators.	

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition and is summarised as follows:

- A financial instrument that is not credit impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the company.
- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instruments is moved to "Stage 2" but is not yet deemed to be credit-impaired.
- If the financial instrument is in default, the financial instrument is then moved to "Stage 3".
- Financial Instruments in Stage 1 have their ECL measured based on an amount equal to the portion of 12 months expected credit losses that result from default events possible within the next 12 months.
- Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Measuring ECL - Explanation of inputs, assumptions and estimation techniques

Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months (12M PD), or over the remaining lifetime (lifetime PD) of the obligation.
- EAD is based on the amounts the company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (lifetime EAD).
- LGD represents the company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure.

These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates the ECL for each future month, which is then discounted back to the reporting date and summed.

The discount rate used in the ECL calculation is the original effective interest rate.

The Lifetime PD is developed by applying a maturing profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans.

The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and Lifetime EADs are determined based on the expected payment profile. For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

These assumptions vary by product type and current limit utilisation band, based on an analysis of the company's recent default data.

Accounting Policies

1.6 Financial instruments (continued)

The 12-month and Lifetime LGDs are determined based on the factors which impact the recoveries made post default and this is based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs incurred.

Forward-looking economic information such as the gross domestic product (GDP) are included in determining the 12-month and Lifetime PD, EAD and LGD. Forward- looking economic information such as property prices are included in the determining of the 12-month LGD.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how the collateral values change etc. - are monitored and reviewed on an annual basis.

Definitions

SICR:

- Qualitative criteria: SICR is primarily determined through the watchlist process whereby the financial performance of the counterparties are discussed. In addition, the status of the construction of ongoing projects is taken into account and as well as qualitative factors such as financial distress, significant change in collateral value or significant adverse changes in business, financial or economic status.
- A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.
- The Group has not used the low credit risk exemption for any financial instruments in the year ended 31 March 2020.
- The assessment of SICR incorporates forward looking information (see below) and is performed annually for all loans.

DEFAULT:

The definition of default, which triggers the credit impaired classification (stage 3), is based on the group's internal credit risk management approach and definitions and occurs at the earlier of:

1. In the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
2. When the counterparty is past due for more than 90 days. The Group has not rebutted IFRS 9's 90 days past due rebuttable presumption.

WRITE-OFF POLICY:

An impaired loan is written off once all reasonable attempts at collection have been made and there is no material economic benefit expected from attempting to recover the balance outstanding. The following criteria must be met before a financial asset can be written off:

- at the point of write-off, the financial asset is fully impaired (i.e. 100% allowance) with no reasonable expectations of recovery of the asset, or a portion thereof. As an exception to the above requirements, where the exposure is secured (or for collateralised structures), the impaired loan can only be written off once the collateral has been realised. Post realisation of the collateral, at the point of write-off any excess amounts to be written off will be recognised in the income statement under Gains (losses) of derecognised financial assets.

Accounting Policies

1.8 Financial instruments (continued)

CURING:

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e. stage 3) still exist.

Qualitative factors include compliance with covenants and compliance with existing financial asset terms and conditions.

Where it has been determined that a financial asset no longer meets the criteria for SICR, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively.

When it has been determined that the financial asset no longer meets the classification for stage 3 and all arrears are current, the financial asset will move from stage 3 to stage 2 or stage 1.

Loans to (from) group companies

These loans are recognised initially at fair value plus direct transaction costs. Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired or incurred in the ordinary course of business from suppliers and service providers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents and money market assets

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in changing value. Cash and cash equivalents are initially measured at fair value and subsequently measured at amortised cost.

Money market assets are cash held in trust and disclosed separately.

Cash held in trust are funds deposited into the Group's attorneys' trust account to facilitate the issue of purchase guarantees and payment of the purchase price to the property seller of the bond and transfer registration. Cash and cash equivalents held in trust are initially measured at fair value and subsequently measured at amortised cost.

For the purpose of the statement of cash flows, cash and cash equivalents include money market assets as these are short term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents and money market assets are regarded as having a low probability of default and therefore the related expected credit loss is not significant.

Mortgage-backed securities

Variable-rate notes are classified as financial liabilities and measured at amortised cost.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the group is recognised as a separate asset or liability. Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Accounting Policies

1.9 Expected credit losses on loans to group companies and related parties

This relates to the intercompany expected credit losses raised on the loans granted between companies in the group. Interest is charged at the contracted interest rate that is applicable to the relevant agreement.

The methods for calculating Expected Credit Losses for each financial asset type depends on the underlying collateral. Sometimes several techniques and models may be used within a single asset class. Calculation methods and models may differ from company to company based on the types of assets in each category.

Staging

The ECL's applied is measured on an amount equal to the portion of 12 month ECL that result from default events possible within 12 months.

Where there has been a significant increase in credit risk, a loan is regarded as being in Stage 2 and a lifetime ECL is applied.

If a loan is credit impaired, it is regarded as being Stage 3 and a lifetime ECL is applied. No interest should be accrued on the loan.

Loans repayable on demand

Where a loan is repayable on demand, an assessment is made of the debtor's ability to repay if demand for immediate repayment was made. It is assumed that the risk is negligible and an appropriate ECL was raised. If, however, there are insufficient cash resources, the term of a loan is estimated by assessing how long it will take to repay in the normal course of busines with reference to the cash flow of the debtor entity. The cash flow is estimated using the most recent financial year's financial statements or budgeted forecasts. Management used a Debt Service Cover ratio calculation to estimate the available cash flow and assume that this can be used to repay the loan. Where the cash flow is negative or very low, management assume a repayment period based on management's strategic plans for the business to generate sufficient cash flows to repay the loans, which is typically 2 years.

Loans with no fixed terms of repayment

Loans with no fixed terms of repayment have been treated as repayable on demand regardless of the stated intention of management regarding repayment of the loan.

1.10 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.10 Taxation (continued)

Deferred tax assets and liabilities

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 an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

In order to comply with the requirements of IAS 1, management has corrected the presentation of the deferred tax liability to move it to the least liquid item on the statement of financial position.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.11 Leases (IFRS 16)

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

1.11 Leases (IFRS 16) (continued)

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee.

The various lease and non lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the group is a lessee are presented in note 17 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate. The incremental borrowing rates was determined based on a rate that the group can borrow fund for a similar amount to the lease payments.

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

- fixed lease payments

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 31).

The lease liability is presented as a separate line item on the Statement of Financial Position.

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 lease payments made. Interest charged on the lease liability is included in interest expense (note 27).

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The group considers historical lease durations, cost and business disruption to relocate business premises to assess if the lease term is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the group. IFRS 16 introduced additional guidance in determining reasonable certainty when assessing lease terms.

Accounting Policies

1.11 Leases (IFRS 16) (continued)

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

The right-of-use assets is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the lease term. Depreciation starts at the commencement date of a lease and is recognised in profit or loss.

Statement of cash flows

The group has classified:

- Cash payments for the principal portion of lease payments as financing activities;
- Cash payments for the interest portion as operating activities; and
- Short-term lease payments and variable lease payments not included in the measurement of the lease liability within operating activities.

1.12 Leases (IAS 17) (2019)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.13 Impairment of assets (non-financial)

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

Accounting Policies

1.13 Impairment of assets (non-financial) (continued)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.14 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the group in which they are declared.

1.15 Non-distributable reserve

The group receives grant funds for the exclusive purpose of lending to its customers as per an agreement with National Treasury. These funds are combined with senior debt raised in the capital markets in a funding structure and represent equity in the funding structure. These funds are not repayable and meet the definition of equity per IAS 32. The funds must be accounted for and TUHF Limited is required to report on the development impact measures such as job creation and entrepreneur training. The funds can only be lent to customers for inner city renewal projects and the funds are not distributable as dividends and therefore have been classified as a non-distributable reserve.

1.16 Share based payments (IFRS 2)

TUHF Holdings Limited operates a conditional share plan, under which TUHF Limited receives services from employees as consideration for equity instruments of 1 997 621. The fair value of the employee services received in exchange for the grant of the shares at grant date is recognised as an expense in TUHF Holdings Limited.

The total amount to be expensed with a corresponding increase in equity is determined by reference to the fair value of the shares granted.

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the company revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the share awards are to be vested, TUHF Holdings Limited, issues new shares. The shares are purchased from TUHF Holdings Limited at the ruling net asset value through intercompany loan account and granted to the employees for no consideration. The actual consideration is compared to the amount provided over the vesting period and any adjustment is made where appropriate. This is recorded in the investment in holding company account.

Where the conditional share plan share award requires equity to be issued the impact is disclosed in share based payment reserve.

1.17 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service), are recognised in the period in which the employee renders the related service.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

Accounting Policies

1.17 Employee benefits (continued)

Defined contribution plans

A defined contribution plan is a retirement plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.18 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of discounts and value added tax.

Revenue comprises interest income and non-interest income.

Interest income

Interest income and expenses are recognised in the statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument, or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the group estimates cash flows considering all contractual terms of the financial instrument (e.g. prepayment options) but does not consider future credit losses.

Rental income

Rental income is recognised equally over the period of the lease taking into consideration the clauses affecting the rental charge.

Management fee income

Management fee income earned from the provision of management services is recognised in the accounting period in which the services are rendered, with reference to the stage of completion of the service.

Accounting Policies

1.18 Revenue (continued)

Bad debts recovered

Recoveries of financial assets previously written-off are recognised as bad debts recovered which is shown as a deduction from expected credit losses expense.

Sundry income

Sundry income includes penalty income on outstanding instalment and early repayment settlement fee.

Dividends received

Dividends income includes dividends paid from unlisted investments and by group companies. Dividends are recognised when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably.

1.19 Unlisted investments

Unlisted investments comprise the equity investment in associated organisations held to earn dividend income and/or for capital appreciation. Unlisted investments are carried at the fair values are determined by reference to the net asset values of the respective entities.

Changes in the fair value of investments are recognised in the statement of comprehensive incomes as investment surpluses.

1.20 Segmental reporting

The executive committee headed by the CEO, has been identified by the group as the chief operating decision maker who is responsible for assessing the performance and allocation of resources of the group. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The identification of reportable segments are determined based on a consideration of products and services, organisational structures, geographical areas, economic and regulatory environments and the separable nature of activities or conversely inherent inter-connectedness and whether these meet the criteria for aggregation.

The revenue from one single customer does not exceed 10% of the group's revenues in 2020 and in 2019. The business sells a single product, 15 year mortgage loan facility. Management assesses information relating to the performance of the single segment on multiple levels and from multiple perspectives. All elements are regarded as inter-connected and as such, no part of the business is regarded as separable from the rest.

Notes to the Financial Statements

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

In the current year, the company has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 01 April 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the group's annual financial statements is described below.

The group enters into operating leases for office space (buildings). Rental contracts are typically for fixed periods between 3-5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments have been recognised in profit or loss for the year ended 31 March 2020 as at 01 April 2019, as it relates to deferred taxation for the previously recognised straight-lining lease liability. The straight-lining lease liability was treated as reduction against the right-of-use asset as at 01 April 2019.

Leases where group is lessee

Leases previously classified as operating leases

The group undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals relating to that lease prior to the date of initial application.

The group did not apply IAS 36 to consider if these right-of-use assets are impaired, but rather applied the practical expedient of IFRS 16 par C10(b). In accordance with this practical expedient, the carrying amounts were adjusted with the amount of any onerous provision which existed immediately prior to the date of initial application.

The group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the group applied a single discount rate to that portfolio.
- leases which were expiring within 12 months of 01 April 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- Using hindsight in determining the lease term where the contract contains options to extend the lease.

Notes to the Financial Statements

2. Changes in accounting policy (continued)

IFRS 16 key financial impacts

The single lessee accounting model which comprises IFRS 16's most material impact for the group results in an increase of R10,93 million in total assets, R10,93 million increase in total liabilities and an decrease in deferred tax asset of R201 606 due to deferred tax associated with the release of the IAS 17 straight-lined lease provision as well as a decreased in trade and other payables due to the release of the Lease smoothing opening balance IAS 17 Straight-line provision. The group's average incremental borrowing rate ranges from 9.18%-10.54%. The total undiscounted operating lease commitments as at 31 March 2019 amount to R9 4 million. The lease liability as at 01 April 2019 amounted to R11 85 million, this difference primarily relates to leases that were negotiated after year-end.

	31 March 2019	IFRS 16 transition adjustment at 1 April 2019	1 April 2019
Assets			
Other financial and non-financial assets	3 248 505 477	-	3 248 505 477
Right-of-use assets	-	11 136 983	11 136 983
Deferred tax	24 102 386	(201 606)	23 900 780
Total assets	**3 272 607 863**	**10 935 377**	**3 283 543 240**
Equity and liabilities			
Equity			
Retained income	174 518 070	-	174 518 070
Share capital and reserves	284 407 733	-	284 407 733
Total Comprehensive income for the year	-	(201 606)	(201 606)
Liabilities			
Trade and other payables	7 993 255	(720 022)	7 273 233
Lease liabilities	-	11 857 005	11 857 005
Other financial and non-financial liabilities	2 805 688 805	-	2 805 688 805
Total equity and liabilities	**3 272 607 863**	**10 935 377**	**3 283 543 240**

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

Long-term Interests in Joint Ventures and Associates - Amendments to IAS 28

The amendment now requires that an entity also applies IFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

The effective date of the amendment is for years beginning on or after 01 January 2019.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

Prepayment Features with Negative Compensation - Amendment to IFRS 9

The amendment to Appendix B of IFRS 9 specifies that for the purpose of applying paragraphs B4.1.11(b) and B4.1.12(b), irrespective of the event or circumstance that causes the early termination of the contract, a party may pay or receive reasonable compensation for that early termination.

The effective date of the amendment is for years beginning on or after 01 January 2019.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

Notes to the Financial Statements

3. New Standards and Interpretations (continued)

Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle

The amendment specifies that the income tax consequences on dividends are recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the events or transactions which generated the distributable reserves.

The effective date of the amendment is for years beginning on or after 01 January 2019.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

IFRIC 23: Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after 01 January 2019.

The group expects to adopt the interpretation for the first time in the 2020 annual financial statements.

The adoption of this interpretation has not had a material impact on the results of the group.

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the group are as follows:

The effective date of the standard is for years beginning on or after 01 January 2019.

The group has adopted the standard for the first time in the 2020 annual financial statements.

The impact of the standard is set out in note 2 Changes in Accounting Policy.

3.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Still to be determined by the IASB	Impact is currently being assessed
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2022	Impact is currently being assessed
• Covid-19 - Related Rent Concessions - Amendment to IFRS 16	01 June 2020	No impact
• Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	01 January 2020	Impact is currently being assessed
• Definition of a business - Amendments to IFRS 3	01 January 2020	Impact is currently being assessed
• Presentation of Financial Statements: Disclosure initiative	01 January 2020	Impact is currently being assessed
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	Impact is currently being assessed

Notes to the Financial Statements

4. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

Capital Management forms part of the responsibilities group's Assets and Liabilities Committee (ALCO), a subcommittee of the board. The group monitors capital with reference to the board approved maximum gearing ratio together with a minimum debt service cover ratio. The principal governance documents are the ALCO policy framework guidelines and terms of reference document and the risk management framework.

The group's contractual debt to capital ratio must not exceed 90% but strives to keep debt within a maximum target level of 88.5%. The debt service cover ratio is defined as net operating income divided by total debt service and the group and company's minimum debt service cover ratio is 1.1 times. The group remained compliant with the debt to capital ratio and debt service ratio targets throughout the 2019-2020 financial year.

Capital as defined in the relevant agreements with shareholders is included in the calculation and differ to the IFRS definition of capital. Total capital is calculated as equity shown in the statement of financial position together with any subordinated shareholders loans and other Tier II Capital.

TUHF Limited has issued listed notes on the JSE Limited amounting to R290 million in 2017. The notes are secured by loan assets with a book value of R330 million issued by TUHF Limited. The collateral value of the loans assets is approximately R625 million.

The covenants achieved on issue date and at year end:

- Loan to value ratio of 67.5%
- Concentration of top 5 assets < 35%
- Pool and group debt service coverage ratio 1.1

The group reports to investors every six months, in September and March of every year. The group can substitute assets where covenants are not met with other qualifying assets. At the 2020 year end no events of default were reported but on TUHF Limited the arrears exceeded the 10% covenant by 0.97% and was reported to the investor. During the year, the average arrears was at 13% but reduced to 10.97% as at year end. In addition, TUHF Limited also breached its cost to income ratio covenant of 65% by 10% as required by certain funder loan agreements.

Notes to the Financial Statements

The gearing ratio at 2020 and 2019 respectively were as follows:

Figures in Rand	Group 2020	Group 2019
Total borrowings		
Interest bearing liabilities	3 239 363 031	2 769 219 639
Borrowings not subordinated	15 534 176	20 321 928
Total debt	**3 254 897 207**	**2 789 541 567**
Cash and cash equivalents	(92 701 693)	(83 190 988)
Net debt	**3 162 195 514**	**2 706 350 579**
-Tier 1 (capital and reserves per statement of financial position)	319 245 735	301 426 108
-Tier 2 (includes subordinated shareholders loans, non distributable reserves and deferred income)	213 961 637	180 907 812
Total capital	**533 207 372**	**482 333 920**
Total capital and debt	**3 695 402 886**	**3 188 684 499**
Gearing ratio	86%	85%

Financial risk management

Financial risks are identified and managed on a group basis. These risks are identified per the risk management framework in the risk matrix which is reported to the board through the audit and risk committee.

The responsibility for risk management resides at all levels, from members of the board to individuals throughout the group. Overall risk management policies and risk appetite is established on a comprehensive, organisation wide basis by senior management and is reviewed where appropriate and approved by the board of directors.

There has been no change in how the group assesses or manages its risks from the previous year, but the group has enhanced the risk management process by adopting a risk management framework that was approved by the board in May 2020. In terms of the Framework, risks are identified both from within the organization by designated risk champions and by management through Exco.

The main risks managed by the risk committee as described below include credit risk, liquidity risk and interest rate risk.

Liquidity risk

The group funds property loans through a combination of bilateral facilities, listed issuances and off-balance sheet securitisation structures.

Liquidity risk is the risk that the group is unable to meet its payment obligations when they fall due and to replace funds when they are withdrawn, the consequences of which may be the failure to meet obligations to repay commitments to funders.

The board is responsible for the management of the liquidity risk of the group. The function of managing liquidity risk is executed through the group's Assets and Liabilities Committee (ALCO), a sub-committee of the board. Prudent management of liquidity contributes to sound liquidity risk management.

The key focus in managing this risk is the use of a cash flow model that monitors cash flows in the short term (12 months) ensuring that the group has adequate funding for repayments on lenders obligations as they become due, ongoing operational costs and disbursements of commitments to borrowers. Furthermore, the group performs a long term (5 years) financial forecast annually to manage and forecast cash flow requirements and compliance with covenants.

The group has developed and implemented a treasury management reporting system with full assets and liability management functionality. The more detailed treasury and risk management processes are important for the group in developing and enhancing the group funding strategy.

Notes to the Financial Statements

As at 31 March 2020, TUHF Limited breached the arrears and cost to income ratio covenants of certain funder loan agreements. As per the agreements, the breach results in the liabilities becoming due and payable immediately. As at the date of the approval of the financial statements, those liabilities have not yet been demanded for repayment by the relevant funders. the maturity analysis below reflects the amounts as if they will become due and payable within the next 12 months

At 31 March 2020 - Group (IFRS Compliant Maturity)	Less than 1 year	1 to 5 years	Over 5 years	Total interest	Carrying value
Related parties	15 903 921	-	-	(369 011)	15 534 910
Other liabilities and accruals	9 923 546	-	-	-	9 923 546
Interest bearing liabilities	1 708 754 903	1 750 086 372	747 068 502	(829 840 949)	3 276 067 828
	1 734 582 370	**1 750 086 372**	**747 068 502**	**(830 209 960)**	**3 301 526 284**

The maturity analysis below reflects the repayments based on expected cash flows assuming that the funders do not demand repayment in the next 12 months

At 31 March 2020 - Group (Expected Cashflow)	Less than 1 year	1 to 5 years	Over 5 years	Total interest	Carrying value
Related parties	15 903 921	-	-	(369 011)	15 534 910
Other liabilities and accruals	9 923 546	-	-	-	9 923 546
Interest bearing liabilities	764 536 524	3 093 309 326	445 388 140	(1 027 166 162)	3 276 067 828
	790 363 991	**3 093 309 326**	**445 388 140**	**(1 027 535 173)**	**3 301 526 284**

In the table above the contractual maturity is reconciled for TUHF Urban Finance (RF) financial liabilities. It is the intention that in 2025 this structure will come to an end and the financial liabilities will be settled through external funding.

At 31 March 2019 - Group	Less than 1 year	1 to 5 years	Over 5 years	Total interest	Carrying value
Related parties	21 682 933	-	-	(1 361 005)	20 321 928
Other liabilities and accruals	23 592 254	-	-	-	23 592 254
Interest bearing liabilities	1 095 561 773	1 793 361 931	725 775 309	(845 469 454)	2 769 219 639
	1 140 836 960	**1 793 361 931**	**725 775 309**	**(846 830 459)**	**2 813 133 821**

At 31 March 2020 - Company	Less than 1 year	1 to 5 years	Over 5 years	Total interest	Carrying value
Interest bearing liabilities	-	35 000 000	-	1 704 797	36 704 797

At 31 March 2019 - Company	Less than 1 year	1 to 5 years	Over 5 years	Total interest	Carrying value
Other liabilities and accruals	15 600 000	-	-	-	15 600 000
Interest bearing liabilities	-	35 000 000	-	1 734 485	36 734 485
	15 600 000	**35 000 000**	**-**	**1 734 485**	**52 334 485**

Liquidity mismatch - Group 2020 (IFRS Compliant)	Less than 1 year	1 to 5 years	Over 5 years	Carrying value
Advances				
TUHF Limited	145 281 096	613 075 352	1 864 326 681	2 622 680 029
TUHF Urban Finance (RF) Limited	34 276 098	174 715 316	417 961 429	626 955 843
Vuselela Warehouse SPV (RF) Proprietary Limited	20 369 505	110 796 681	303 010 412	434 190 698
TUHF Bridge Proprietary Limited	2 164 319	-	-	2 164 319
	202 131 119	**898 587 349**	**2 585 288 422**	**3 686 016 889**

Notes to the Financial Statements

Liabilities	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Carrying value**
TUHF Limited	1 492 026 000	588 758 814	176 417 316	2 257 202 130
TUHF Urban Finance (RF) Limited	31 256 247	125 024 989	437 587 462	593 868 698
Vuselela Warehouse SPV (RF) Proprietary Limited	-	-	388 292 203	388 292 203
TUHF Holdings Limited	-	36 704 797	-	36 704 797
	1 523 282 247	**750 488 600**	**1 002 296 981**	**3 276 067 828**
Liquidity mismatch	(1 321 151 129)	146 098 749	1 583 001 441	409 949 061

Liquidity mismatch - Group 2020 (Expected Cashflow)	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Carrying value**
Advances				
TUHF Limited	145 281 096	613 078 352	1 864 326 581	2 622 686 029
TUHF Urban Finance (RF) Limited	34 276 098	174 718 316	417 961 429	626 955 843
Vuselela Warehouse SPV (RF) Proprietary Limited	20 389 605	110 790 681	303 010 412	434 190 698
TUHF Bridge Proprietary Limited	2 184 319	-	-	2 184 319
	202 131 118	**898 587 349**	**2 585 298 422**	**3 686 016 889**

Liabilities	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Carrying value**
TUHF Limited	463 006 822	1 393 544 249	400 552 059	2 257 202 130
TUHF Urban Finance (RF) Limited	31 256 247	125 024 989	437 587 462	593 868 698
Vuselela Warehouse SPV (RF) Proprietary Limited	-	-	388 292 203	388 292 203
TUHF Holdings Limited	-	36 704 797	-	36 704 797
	494 262 069	**1 555 374 035**	**1 226 431 724**	**3 276 067 828**
Liquidity mismatch	(292 130 951)	(656 786 686)	1 358 866 698	409 949 061

Liquidity mismatch - Group 2019	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Carrying value**
Advances				
TUHF Limited	93 492 203	595 414 580	1 980 962 599	2 669 869 382
TUHF Urban Finance (RF) Limited	23 008 541	126 669 134	321 098 522	470 776 197
TUHF Bridge Proprietary Limited	5 580 384	-	-	5 580 384
	122 081 128	**722 083 714**	**2 302 061 121**	**3 146 225 963**

Liabilities	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Carrying value**
TUHF Limited	858 064 095	954 695 551	457 110 239	2 269 869 885
TUHF Urban Finance (RF) Limited	-	350 115 269	112 500 000	452 615 269
TUHF Holdings Limited	-	36 734 485	-	36 734 485
	858 064 095	**1 341 545 305**	**569 610 239**	**2 769 219 639**
Liquidity mismatch	(735 982 967)	(619 461 591)	1 732 450 882	377 006 324

The liquidity mismatch pertaining to the period up to five years after reporting date will be managed by refinancing interest bearing liabilities. Refer to note 9 for the maturity analysis relating to advances.

Notes to the Financial Statements

Interest rate risk

Interest rate risk, the risk that the fair value, future earnings or future cash flows of a financial instrument fluctuate because of changes in market interest rates.

The board is responsible for the management of the interest rate of the group. The function of managing liquidity risk is executed through the group's Assets and Liabilities Committee (ALCO), a sub-committee of the board.

The group is exposed to cash flow interest rate risk on both loan and advances and interest bearing liabilities that are linked to the prime rate or JIBAR.

The group monitors and manages its interest rate exposures in line with the ALCO policy and where necessary potential adverse effect of interest rate movements are mitigated by entering into appropriate interest rate swaps to bring the risk within the approved risk appetite.

The group has not entered into any interest rate swaps for the year ending 31 March 2020.

The market risk exposure relates to the potential adverse effect of interest rate movements on net interest income.

At 31 March 2020, if interest rates on net borrowings and advances had been 1% higher with all other variables held constant, pre-tax profit for the year would have been R3 244 069 (2019: R3 047 551) higher, mainly as a result of higher net interest paid on variable rate borrowings and advances. If interest rates on net borrowings and advances had been 1% lower with all other variables held constant, pre-tax profit for the year would have been R3 244 069 (2019: R3 047 551) lower.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for another party by failing to discharge an obligation.

The credit risk that the company faces arises mainly from commercial loans and advances. The company has policies, procedures and processes dedicated to controlling and monitoring risk from all such activities.

While credit exposures principally arise in loans and advances, the company can be exposed to other credit risks. These exposures comprise loan commitments and contingent liabilities. The risks are managed in a similar way to those loans in loans and advances, and are subject to the same or similar approval and governance processes.

The granting of credit is one of the company's major sources of income and is therefore one of the most significant risks, and the company dedicates considerable resources to controlling it effectively. A system based loan workflow process is used to facilitate the loan approval process. The granting of credit is considered on a project by project basis and various hurdle rates are considered in terms of our loan and credit policy.

Advances are subject to a risk rating evaluation that takes into consideration inter alia the overall risk profile, collateral cover, payment record, past experiences, customers' co-operation in abiding by loan conditions and the economic climate. For further details regarding the Company's accounting policy refer to accounting policy note 1.

The board took the decision in March that no new credit decisions will be taken until they are certain what the full extent of the fallout is from Covid-19 on their clients, the capital market, the economy of South Africa as well as the world. This decision is reviewed on a continuous basis. The Group and Company's maximum exposure to credit risk is as follows:

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019
Financial instrument				
Cash and cash equivalents	92 701 693	83 190 988	2 645	46 209
Money market assets	3 627 720	42 308 236	-	-
Loans and advances	3 686 016 889	3 146 225 962	-	-
Other assets excluding prepayments	1 847 006	6 532 752	-	-
Loans to group companies and related parties	47 358 712	31 975 185	162 756 781	170 100 996
	3 831 652 020	**3 310 233 123**	**162 759 426**	**170 147 205**

Additional information pertaining to the credit risk of loan advances is contained in note 9. Credit exposure per geographic area for the mortgage lending product is shown in note 8. The company has a single product offering being a 15 year mortgage finance loan to purchase, convert and refurbish residential property in inner city areas experiencing urban decline.

6. Financial assets by category

Group - 2020

	Amortised cost	Fair value through profit or loss	Total
Cash and cash equivalents	92 701 693	-	92 701 693
Money market assets	3 627 720	-	3 627 720
Loan and advances	3 544 254 413	-	3 544 254 413
Other assets excluding prepayments	1 847 006	-	1 847 006
Unlisted investments	-	24 573 001	24 573 001
Loans to group companies and related parties	46 369 810	-	46 369 810
	3 688 790 642	**24 573 001**	**3 713 363 643**

Group - 2019

	Amortised cost	Fair value through profit or loss	Total
Cash and cash equivalents	83 190 988	-	83 190 988
Money market assets	42 308 236	-	42 308 236
Loan advances	3 043 412 929	-	3 043 412 929
Other assets excluding prepayments	6 532 752	-	6 532 752
Unlisted investments	-	23 770 113	23 770 113
Loans to group companies and related parties	31 975 185	-	31 975 185
	3 207 420 090	**23 770 113**	**3 231 190 203**

Company - 2020

	Amortised cost	Total
Cash and cash equivalents	2 645	2 645
Loans to group companies and related parties	145 583 400	145 583 400

Company - 2019

	Amortised cost	Total
Cash and cash equivalents	46 209	46 209
Loans to group companies and related parties	170 100 996	170 100 996
	170 147 205	**170 147 205**

Notes to the Financial Statements

The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 3)

Level 3 unlisted investments

Opening balance	23 770 113	22 603 332
Fair value adjustment (recognised in profit or loss)	802 888	1 166 781
	24 573 001	**23 770 113**

There were no reclassifications, or movements between levels during the current and prior period

The most pertinent information used to determine the fair value of the unlisted investment is the underlying net asset value of the company.

The carrying value of financial assets (loans and advances) carried at amortised cost approximates the fair value.

8. Financial liabilities by category

Group - 2020

	Financial liabilities at amortised cost	Total
Interest bearing liabilities	3 264 135 401	3 264 135 401
Loans from group companies	15 534 910	15 534 910
Other liabilities	9 923 546	9 923 546
	3 289 593 857	**3 289 593 857**

Group - 2019

	Financial liabilities at amortised cost	Total
Interest bearing liabilities	2 761 614 368	2 761 614 368
Loans from group companies	20 321 928	20 321 928
Other liabilities	7 993 255	7 993 255
Dividend payable	15 600 000	15 600 000
	2 805 529 551	**2 805 529 551**

Company - 2020

	Financial liabilities at amortised cost	Total
Interest bearing liabilities	36 704 797	36 704 797
Loans from group companies	102	102
Dividend payable	-	-
	36 704 899	**36 704 899**

Company - 2019

	Financial liabilities at amortised cost	Total
Interest bearing liabilities	36 734 485	36 734 485
Loans from group companies	102	102
Dividend payable	15 600 000	15 600 000
	52 334 587	**52 334 587**

Notes to the Financial Statements

Liabilities not held at fair value for which fair value is disclosed:

Group - 2020	Level 2	Level 3	Total
Financial liabilities	3 264 135 401	-	3 264 135 401

Group - 2019	Level 2	Level 3	Total
Financial liabilities	2 761 014 368	-	2 761 014 368

7. Cash and cash equivalents

	Group		Company	
Figures in Rand	2020	2019	2020	2019
Cash on hand	17 190	13 755	-	-
Current and call accounts	92 684 503	83 177 232	2 646	46 209
	92 701 693	**83 190 988**	**2 646**	**46 209**

Composition of cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include total cash and money market assets. The money market assets are subject to restrictions and are not available to the company or group unless the guarantees are cancelled. Cash are held at Standard Bank of South Africa Limited.

Cash and cash equivalents	92 701 693	83 190 988	2 646	46 209
Money market assets	3 627 720	42 308 236	-	-
	96 329 413	**125 499 224**	**2 646**	**46 209**

8. Money market assets

Deposits for payment guarantees	1 777 323	38 790 319	-	-
Deposits pending property transfer registrations	1 850 397	3 517 917	-	-
	3 627 720	**42 308 236**	-	-

9. Loans and advances

Loans and advances	3 686 016 889	3 146 225 962	-	-
Deferred raising fee**	(19 575 091)	(23 408 053)	-	-
Expected credit losses	(122 187 385)	(79 404 980)	-	-
	3 544 254 413	**3 043 412 929**	-	-

** The current portion of the deferred raising fee is R10 326 173 (2019: R 9 579 718)

9. Loans and advances (continued)

Exposure to credit risk

Loans and advances inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained in all cases. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Group 2020	**Stage 1 Standard monitoring**	**Stage 2 Special monitoring**	**Stage 3 Default**	**Total**
Gross loans	3 050 094 929	246 973 483	388 948 477	3 686 016 889
Expected credit losses	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance at 1 April 2019	8 867 200	6 451 537	64 086 243	79 404 980
Transfers between stages	27 550 172	(4 072 790)	(23 477 382)	-
Transfer to/ (from) stage 1	(1 002 824)	64 683	938 141	-
Transfer to/ (from) stage 2	4 897 131	(5 663 855)	766 724	-
Transfer to/ (from) stage 3	23 655 865	1 526 382	(25 182 247)	-
Net impairments raised/ (released)	(17 916 309)	22 707 833	37 419 184	42 210 866
ECL movement in the current year	(17 265 867)	22 707 833	43 817 407	49 259 483
Change in ECL due to derecognition	(650 442)	-	(6 398 333)	(7 046 775)
Interest income on stage 3 loans not recognised	-	-	7 928 334	7 928 334
Impaired accounts written off	-	-	(7 354 607)	(7 354 607)
Closing balance	**18 501 063**	**25 086 580**	**78 599 752**	**122 187 395**

(1) Net impairments raised/(released) less recoveries of amounts written off in previous years equals income statement impairment (refer credit impairment charges note)

(2) The group's policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore exposures can be transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period. Furthermore, the expected credit loss recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the line "ECL movement in the current year" based on the exposures ECL stage as at the end of the reporting period.

Net Advances	3 031 593 866	221 886 903	310 348 725	3 563 829 494

Significant changes in the gross carrying amount of loans and advances that contributed to changes in the loss allowance were:

- An increase in the loans and advances portfolio of 17% which is in line with the group's growth strategy.
- There was a noticeable increase in the stage 3 expected credit losses, mainly as a result of the bankruptcy of one borrower and for which the group is currently in the process of recovering the collateral.
- There were noticeable increases in the stage 1 and stage 2 expected credit losses due to the impact of Covid-19 which has been factored into the forward-looking information as part of the ECL modelling.

9. Loans and advances (continued)

Group 2019	Stage 1 Standard monitoring	Stage 2 Special monitoring	Stage 3 Default	Total
Gross loans	2 153 133 513	701 627 101	291 465 248	3 146 225 862

Expected credit losses	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance at 1 April 2018	6 405 049	11 665 577	27 979 886	46 050 292
Transfers between stages	-	(3 397 907)	3 397 907	-
Transfer to/ (from) stage 1	-	-	-	-
Transfer to/ (from) stage 2	-	(3 397 907)	3 397 907	-
Transfer to/ (from) stage 3	-	-	-	-
Net impairments raised/ (released)	2 462 151	163 867	26 907 605	29 553 623
ECL movement in the current year	2 462 151	163 867	26 907 605	29 553 623
Change in ECL due to derecognition	-	-	-	-
Interest income on stage 3 loans not recognised	-	-	4 382 473	4 382 473
Impaired accounts written off	-	-	(581 308)	(581 308)
Closing balance	**8 867 200**	**8 431 537**	**62 086 243**	**79 404 980**

(1) Net impairments raised/(released) less recoveries of amounts written off in previous years equals income statement impairment (refer credit impairment charges note)

(2) The group's policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore exposures can be transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period. Furthermore, the expected credit loss recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the line 'ECL movement in the current year' based on the exposures ECL stage as at the end of the reporting period.

Net Advances	2 144 266 413	693 175 564	229 379 005	3 066 820 982

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019

9. Loans and advances (continued)

Credit quality of other financial assets

In order to ensure the optimal recovery of the underlying collateral property, management may take temporary possession of an underlying property.

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019
Geographical analysis				
Eastern Cape	196 560 804	148 998 505	-	-
Free State	60 348 787	41 578 205	-	-
Gauteng	2 633 709 529	2 421 218 038	-	-
KwaZulu Natal	513 146 101	358 296 848	-	-
Western Cape	280 169 868	176 135 367	-	-
	3 686 016 889	**3 146 225 963**	**-**	**-**
Product analysis				
Mortgage loans	3 683 832 570	3 140 645 578	-	-
Bridge loans	2 184 319	5 580 384	-	-
	3 686 016 889	**3 146 225 963**	**-**	**-**

Collateral held

	Group 2020	Group 2019	Company 2020	Company 2019
Loan book less stage 3 assets	6 709 019 543	4 273 770 494	-	-
Stage 3 assets	594 452 874	437 197 872	-	-
	7 303 472 417	**4 710 968 366**	**-**	**-**

10. Other assets

	Group 2020	Group 2019	Company 2020	Company 2019
Financial instruments:				
Trade receivables	-	541 955	-	11
Deposits	905 783	901 729	-	-
Interest on guarantee funds	210 220	541 360	-	-
Other receivables - staff debtors and other sundry	731 003	4 547 714	-	-
Non-financial instruments:				
Deferred and prepaid expenses	1 785 789	2 241 882	312	417
	3 632 795	**8 774 640**	**312**	**428**

Amounts receivable are all current. Accounts receivable are regarded as having a low probability of default and therefore the related expected credit loss is not significant.

11. Properties in possession

Reconciliation of properties in possession - Group - 2020

	Opening balance	Additions	Total
Properties in possession	-	11 400 000	11 400 000

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019

11. Properties in possession (continued)

Details of properties

1. Old Trafford, Erven 828-830 located at 24 Kruger street City and Suburban Johannesburg.
   The property was acquired in March 2020 on a foreclosure sale and as such is being held at cost for 2020 financial year.
2. Philipps, Toys, Wellsic Court, Sections 1-8 of Sectional title scheme Toys Court & Sections 1-5 of Sectional title scheme Philips Court & Sections 1,2,3,5,6,7,8 of Sectional title scheme Wellsid court. Located at 5,6&7 Surdiz Street Port Elizabeth.
   The property was acquired in March 2020 on a foreclosure sale and as such is being held at cost for 2020 financial year.

12. Loans to/(from) group companies and related parties

TUHF Limited*

	Group 2020	Group 2019	Company 2020	Company 2019
TUHF Limited The loan is interest free with no stated terms of repayment	-	-	10 000 000	10 000 000
TUHF Limited The loan carries interest at 75% of prime lending rate and has no fixed terms of repayment	-	-	84 323 141	78 296 805
TUHF Limited The loan carries interest at prime lending rate less 2% and has no fixed terms of repayment.	-	-	130 911 717	120 854 072
TUHF Limited This relates to the dividends due to TUHF Holdings Limited	-	-	-	15 000 000
TUHF Limited The loan interest is paid at market call rates.	-	-	(109 536 125)	(86 028 693)
Loan to group companies ECL	-	-	(15 136 623)	-
	-	-	100 562 110	138 122 184

Joint ventures

	Group 2020	Group 2019	Company 2020	Company 2019
Better Urban Living 2 Proprietary Limited** The loan is unsecured, bears interest at prime plus 1,75% and is payable in 2023.	22 185 982	11 839 579	-	-
Silverkey Proprietary Limited*** The loan is unsecured, bears interest at prime plus 1,75% and is payable in 2023	11 737 314	10 439 755	-	-
Rex Prop Proprietary Limited** The loan is unsecured, bears interest at prime plus 3% and is payable in 2023.	2 399 878	2 108 255	-	-
Reed Property Investment Proprietary Limited** The loan is unsecured, bears interest at prime plus 5% and is payable in 2024.	2 470 887	-	-	-
Loan to group companies ECL	(754 789)	-	-	-
	38 049 272	24 387 589	-	-

*All these loans have been classified as stage 2 in 2020 (2019: stage 1)
**All these loans have been classified as stage 1 in 2020 (2019: stage 1)
***This loan has been classified as stage 3 in 2020 (2019: stage 1)

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019

12. Loans to/(from) group companies and related parties (continued)

Other group companies*

Umastandi Proprietary Limited Unsecured, interest free, with no fixed terms of repayment	501	-	-	-
TUHF Equity Proprietary Limited Unsecured, carries interest at prime lending rate plus 0.25%, with no fixed terms of repayment	-	-	47 058 048	31 976 812
Loans to group companies ECL	-	-	(2 036 758)	-
	501	-	**45 021 290**	**31 976 812**

Related parties				
Bjala Investments Proprietary Limited (50% shareholder of Better Urban Living 2 Proprietary Limited)** The loan is unsecured, bears interest at prime plus 2% and is repayable in 2023	4 842 748	4 206 705	-	-
EGC Properties Proprietary Limited (50% shareholder of Silverkey Proprietary Limited*** The loan is unsecured, bears interest at prime plus 2.5% and is repayable in 2023	3 711 402	3 290 892	-	-
Loans to related parties ECL	(244 113)	-	-	-
	8 310 037	**7 497 597**	-	-
Total	**46 359 810**	**31 975 185**	**145 583 400**	**170 100 996**

*All these loans have been classified as stage 2 in 2020 (2019: stage 1)
**All these loans have been classified as stage 1 in 2020 (2019: stage 1)
***This loan has been classified as stage 3 in 2020 (2019 stage 1)

Reconciliation of group related borrowings

Loans to related parties				
Opening balance	31 975 185	10 525 260	170 100 996	168 174 366
Advances	10 174 209	21 171 593	10 546 814	18 946 125
Interest	5 208 727	2 771 637	14 105 431	12 854 906
Advances non-cash	501	-	-	-
Repayments	-	(2 493 305)	(17 188 460)	(29 574 321)
Dividends paid	-		(15 000 000)	(15 000 000)
Dividends accrued	-	-	-	15 000 000
Loans to group companies ECL	(754 780)	-	(17 173 361)	-
Loans to related parties ECL	(244 113)	-	-	-
	46 359 810	**31 975 185**	**145 583 400**	**170 100 996**

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019

13. Investments in subsidiaries

The group's principal subsidiaries are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. the country of incorporation for all subsidiaries is South Africa.

Company

Name of company	% holding 2020	% holding 2019	Carrying amount 2020	Carrying amount 2019
TUHF Limited (Property financier)	100,00 %	100,00 %	26 333 333	26 333 333
TUHF Bridge Proprietary Limited (Short-term bridging finance)	100,00 %	100,00 %	46 767	46 767
TUHF MBS Proprietary Limited (Security SPV)	100,00 %	100,00 %	1	1
TUHF Equity Proprietary Limited (Equity finance)	100,00 %	100,00 %	1	1
			26 380 102	26 380 102

14. Investments in joint ventures*

Joint ventures

The following table lists all of the joint ventures in the group:

Name of company	% ownership interest 2020	% ownership interest 2019	Carrying amount 2020	Carrying amount 2019 Restated
Better Urban Living 2 Proprietary Limited	50,00 %	50,00 %	2 279 727	1 000
Silverkey Proprietary Limited	50,00 %	50,00 %	100	100
Risk Prop Proprietary Limited	50,00 %	50,00 %	2 409 147	2 982 281
Pearl Property Investment Proprietary Limited	50,00 %	- %	10 180	-
			4 699 154	2 983 381

Aggregate amount of the group's share of profit/ (loss) after tax		
Better Urban Living 2 Proprietary Limited	2 278 727	-
Silverkey Proprietary Limited	-	-
Risk Prop Proprietary Limited	(553 134)	-
Pearl Properties Proprietary Limited	9 680	-
Total	**1 736 273**	-

(1) The company has purchased 50% of the share capital in Better Urban Living 2 Proprietary Limited in February 2019 and a shareholder's loan of R10.5 million has been advanced. A joint venture agreement has signed for the development of the investment property.

(2)The company has purchased 50% of the share capital in Silverkey Proprietary Limited in September 2018 and a shareholder's loan of R9.8 million has been advanced. A joint venture agreement has signed for the development of the investment property.

(3) The company has purchased 50% of the share capital in Risk Prop Proprietary Limited in September 2018 and a shareholder's loan of R2 million has been advanced. A joint venture agreement has signed for the development of the investment property.

	Group		Company	
Figures in Rand	2020	2019	2020	2019

14. Investments in joint ventures* (continued)

(4) The company has purchased 50% of the share capital in Pearl Properties Investment Proprietary Limited in June 2019 and a Shareholders loan of R2.2 million has been advanced. A joint venture agreement has been signed for the development of the investment property.

*Management has previously accounted for these Joint Ventures using the fair value basis, in accordance with IFRS 9. Management has changed this in the current year to be accounted for using the equity method in accordance with IAS 28. The difference between the measurement basis is not material and has been corrected prospectively.

15. Unlisted investments

Mandatorily at fair value through profit or loss:				
Urban Task Force Proprietary Limited	24 573 001	23 770 113	-	-
	24 573 001	**23 770 113**	-	-

TUHF Limited holds 5% in Urban Task Force Proprietary Limited. The shares are held at fair value.

Fair value disclosures

Group - 2020	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Investment in Urban Task Force Proprietary Limited	24 573 001	-	-	24 573 001	24 573 001

Group - 2019	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Investment Urban Task Force Proprietary Limited	23 770 113	-		23 770 113	23 770 113

Urban Task Force Proprietary Limited is valued as a percentage of net asset value off of the latest available management accounts of Urban Task Force Proprietary Limited. Urban Task Force Proprietary Limited operates in the property rental business and the investment properties in the statement of financial position are measured at fair value at year end. Management is of the opinion that the net asset value represents fair value accurately as the investment properties are the most significant assets on the Statement of Financial Position. Management has also reviewed independent and director's valuations of the assets and liabilities of Urban Task Force Proprietary Limited and is comfortable that the net asset value is within an acceptable range of these values. Independent valuations are obtained by the directors of Urban Task Force Proprietary Limited and a capitalisation rate of 10% - 12% was considered a key assumption.

At 31 March 2020, if the capitalisation rate used to value the investment properties of Urban Task Force Proprietary Limited had been 1% higher (downturn) or 1% lower (upturn) with all other variables held constant, the value of the unlisted investment would be as follows:

	2020
Downturn	R18 521 562
Base Case	R24 573 001
Upturn	R31 834 728

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019

16. Equipment

Group	2020 Cost	2020 Accumulated depreciation	2020 Carrying value	2019 Cost	2019 Accumulated depreciation	2019 Carrying value
Office furniture and equipment	3 491 417	(2 565 993)	925 424	3 154 691	(2 014 465)	1 140 226
Computer hardware and telephones	5 275 116	(4 272 193)	1 002 923	4 717 839	(3 738 951)	978 888
Total	**8 766 533**	**(6 838 186)**	**1 928 347**	**7 872 530**	**(5 753 416)**	**2 119 114**

Reconciliation of Equipment - Group - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	1 140 226	341 335	(956)	(555 181)	925 424
Computer hardware and telephones	978 888	606 739	-	(582 704)	1 002 923
	2 119 114	**948 074**	**(956)**	**(1 137 885)**	**1 928 347**

Reconciliation of Equipment - Group - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	1 216 797	409 538	-	(486 109)	1 140 226
Computer hardware and telephones	1 181 797	636 988	(19 433)	(820 464)	978 888
	2 398 594	**1 046 526**	**(19 433)**	**(1 306 573)**	**2 119 114**

17. Leases (group as lessee)

Right-of-use assets

	Opening balance	Additions	Disposals	Depreciation	Total
Office space (buildings)	11 136 982	762 776	-	(3 641 416)	8 258 342

Lease liabilities

	Opening balance	Additions	Payments	Interest expense	Total
Office space (buildings)	11 857 005	762 776	(4 421 549)	1 029 416	9 227 648

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019

17. Leases (group as lessee) (continued)

Finance lease liabilities

Maturity analysis				
Within one year	788 537	-	-	-
Two to five years	8 087 555	-	-	-
More than five years	-	-	-	-
Total undiscounted lease liabilities at 31 March 2020	**8 876 092**	-	-	-

Lease liabilities in the statement of financial position at 31 March 2020				
Non-current liabilities	7 553 858	-	-	-
Current liabilities	1 673 790	-	-	-
Total	**9 227 648**	-	-	-

Comparative information for lease liabilities under IAS 17

The information presented for lease liabilities for the comparative period has been prepared on the basis of IAS 17, and therefore only represents the liability as at that date for finance leases and not for operating leases. In addition to the information presented in the table above, IAS 17 required an entity to present a reconciliation of the present value of lease payments for finance leases. This information is presented in the table which follows:

Future aggregate minimum lease payments under cancellable leases as follows				
- Office rental payable within 1 year		5 122 309		-
- Office rental payable within 2-5 year		4 240 384		-
		9 362 693		-

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019

18. Intangible assets

Group	2020 Cost / Valuation	2020 Accumulated amortisation	2020 Carrying value	2019 Cost / Valuation	2019 Accumulated amortisation	2019 Carrying value
Computer software	17 972 690	(13 187 656)	4 785 034	16 451 391	(11 247 197)	5 204 194

Reconciliation of intangible assets - Group - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	5 204 194	1 521 299	(1 940 459)	4 785 034

Reconciliation of intangible assets - Group - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	5 323 705	1 637 740	(1 757 251)	5 204 194

19. Deferred tax

Deferred tax liability

	Group 2020	Group 2019	Company 2020	Company 2019
Accelerated depreciation	(1 339 809)	(1 457 174)	-	-
Deferred expenses	(3 435 908)	(2 258 707)	-	(117)
Fair value adjustment	(3 616 031)	(4 099 625)	-	-
Prepaid expenses	(226 119)	(240 064)	(88)	-
IFRS 16 Leases	(150 011)	-	-	-
Total deferred tax liability	**(8 767 878)**	**(8 055 570)**	**(88)**	**(117)**

Deferred tax asset

	Group 2020	Group 2019	Company 2020	Company 2019
Provision for bonus	321 824	461 080	-	-
Loan impairments	3 885 223	841 680	-	-
Rental equalisation	-	201 606	-	-
Deferred income	5 481 022	6 554 235	-	-
Provision for bad debts	17 419 304	16 043 785	-	-
Intercompany ECL	167 815	-	2 885 128	-
Deferred tax balance from temporary differences other than unused tax losses	27 275 188	24 102 386	2 885 128	-
Total deferred tax asset	**27 275 188**	**24 102 386**	**2 885 128**	-

	Group 2020	Group 2019	Company 2020	Company 2019
Deferred tax liability	(8 767 878)	(8 055 570)	(88)	(117)
Deferred tax asset	27 275 188	24 102 386	2 885 128	-
Total net deferred tax asset	**18 507 310**	**16 046 816**	**2 885 040**	**(117)**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2020	2019	2020	2019

19. Deferred tax (continued)

Reconciliation of deferred tax asset / (liability)

	Group 2020	Group 2019	Company 2020	Company 2019
At beginning of year	16 046 816	17 568 183	(117)	(117)
Provisions	(139 237)	(579 216)	-	-
Accelerated depreciation	117 385	33 463	-	-
Current year charge - movement on loan impairment	4 419 061	6 163 201	-	-
Rental equalisation	-	(49 773)		-
Deferred income	(1 073 232)	848 474	-	-
Deferred and prepaid expenses	(1 163 080)	(1 460 312)	29	-
Fair value adjustment	(179 847)	(860 529)	-	-
Loans to group companies and related parties ECL	167 815	-	2 885 128	-
IFRS 16 Leases	(150 011)	-	-	-
IFRS Accounting policy change opening balance adjustment	653 441	-	-	-
IFRS Accounting policy change	(201 782)	-	-	-
IFRS 9 opening balance adjustment	-	(5 616 675)		-
	18 507 310	**16 046 816**	**2 885 040**	**(117)**

The deferred tax balance at year end is considered non current.

20. Share capital

	Group 2020	Group 2019	Company 2020	Company 2019
Authorised				
150 000 000 ordinary shares of no par value	-	-	-	-
20 000 000 no par value ordinary C shares	-	-	-	-
100 000 000 no par value unspecified shares	-	-	-	-
Authorised - cumulative redeemable preference shares				
35 000 preference shares of R1 000 per share	35 000 000	35 000 000	35 000 000	35 000 000
	35 000 000	**35 000 000**	**35 000 000**	**35 000 000**

Refer to note 24 for disclosure of preference shares treated as a financial liability

	Group 2020	Group 2019	Company 2020	Company 2019
Issued				
79 551 633 shares at no par value	90 012 541	90 012 541	90 012 541	90 012 541
13 228 765 no par value C ordinary shares	25 335 615	25 335 615	25 335 615	25 335 615
Ordinary Share at no par value	300	100	-	-
Share premium	18 739 068	18 739 068	18 739 068	18 739 068
Treasury shares	(7 389 583)	(7 179 350)	-	-
	126 697 941	**126 907 974**	**134 087 224**	**134 087 224**
Treasury shares				
At beginning of the year	7 179 350	6 994 754	-	-
Shares bought by TUHF Limited from employees	210 233	184 596	-	-
	7 389 583	**7 179 350**	-	-
Share premium				
At beginning of year	18 739 068	18 703 848	18 739 068	18 703 848
5 747 ordinary shares at no par value	-	35 220	-	35 220
	18 739 068	**18 739 068**	**18 739 068**	**18 739 068**

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019

21. Non-distributable reserves

A grant agreement was entered into between the company and National Treasury to advance R200 million to the company over 3 years. The funds were included to R800 million senior debt to lend to end user clients. To date R157,5 million has been received and on lent to end users. These funds are not available for distribution to the shareholders. The project has successfully come to an end and no further funds will be received.

	Group 2020	Group 2019	Company 2020	Company 2019
Non-distributable reserve	157 499 759	157 499 759	-	-
	157 499 759	**157 499 759**	**-**	**-**

22. Loans from group companies

	Group 2020	Group 2019	Company 2020	Company 2019
Subsidiaries				
TUHF Bridge Proprietary Limited Interest is paid at market call rates. The loan is payable in 12 months	-	-	100	100
TUHF MBS Proprietary Limited Unsecured, interest free with no terms of repayment	-	-	1	1
TUHF Equity Proprietary Limited Current account	-	-	1	1
Inhlutuko Equity Fund Proprietary Limited	734	-	-	-
	734	**-**	**102**	**102**
Holding company				
TUHF21 NPC Interest is charged at market call rates and there are no fixed terms of repayment	15 534 176	20 321 928	-	-

Reconciliation of group related borrowings

	Group 2020	Group 2019	Company 2020	Company 2019
Loans from related parties				
Opening balance	20 321 928	22 281 288	102	102
Advances	9 072 801	8 355 352	-	-
Interest	779 713	808 788	-	-
Advances non-cash	733	-	-	-
Repayments	(15 240 265)	(11 123 480)	-	-
	15 534 910	**20 321 928**	**102**	**102**

23. Trade and other payables

	Group 2020	Group 2019	Company 2020	Company 2019
Financial instruments:				
Trade payables	6 314 997	5 496 398	-	-
Other payables	3 356 126	1 847 243	-	-
Non-financial instruments:				
Operating lease accruals	-	720 022	-	-
VAT	252 423	129 592	-	-
	9 923 546	**7 993 265**	**-**	**-**

The balance at year end is considered current.

24. Financial liabilities

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019
24. Financial liabilities (continued)				
Held at amortised cost				
Secured				
National Housing Finance Corporation SOC Limited The loan of R50 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 2%. Interest and capital is repaid over the remaining term and will be repaid by September 2024. The loan is secured by a cession of all the rights, title and/or interests the group holds or which it may acquire in future, arising out of, or in connection with the end user agreements which have been financed from this facility.	17 554 720	20 595 312	-	-
National Housing Finance Corporation SOC Limited The loan of R50 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 2%. Interest and capital is repaid over the remaining term and will be repaid by 30 November 2024. The loan is secured by a cession of all the rights, title and/or interests the group holds or which it may acquire in future, arising out of, or in connection with the end user agreements which are financed from this facility.	28 061 776	30 453 154	-	-
Standard Bank of South Africa Limited The loan of R150 million from The Standard Bank of South Africa Limited is at an interest rate of prime minus 0.8%. The loan was repaid in full on 18 June 2019. The loan is secured by a cession of all the rights, title and/or interests the group holds or which it may acquire in future, arising out of, or in connection with the end user agreements which are financed from this facility	-	10 740 554	-	-
Development Bank of South Africa SOC Limited The loan of R50 million from the Development Bank of South Africa SOC Limited is at an interest rate of prime minus 2%. Interest and capital is repaid over the remaining term and will be repaid by September 2022 The loan is secured by a cession of all the rights, title and/or interests the group holds or which it may acquire in future, arising out of, or in connection with the end user agreements which are financed from this facility.	11 949 590	16 099 720	-	
Development Bank of South Africa SOC Limited The loan of R100 million from the Development Bank of South Africa SOC Limited is at an interest rate of prime minus 2%. Interest and capital is repaid over the remaining term and must be repaid in full by 30 June 2024. The loan is secured by a cession of all the rights title and/or interests the group holds or which it may acquire in future arising out of, or in connection with the end user agreements which are financed from this facility.	38 693 700	46 040 881	-	-

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019
24. Financial liabilities (continued)				
Future Growth Asset Management The loan of R100 million from Future Growth Asset at an interest rate of prime minus 0.9%. Interest and capital is repaid over the remaining term and will be repaid by February 2022. The loan is secured by a cession of all the rights, title and/or interests the group holds or which it may acquire in future, arising out of, or in connection with the end user agreements which are financed from this facility	22 984 416	32 440 525	-	
National Housing Finance Corporation SOC Limited The loan of R100 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 2%. Interest and capital is repaid over the remaining term and will be repaid by July 2028. The loan is secured by a cession of all the rights, title and/or interests the group holds or which it may acquire in future, arising out of, or in connection with the end user agreements which are financed from this facility	61 016 783	65 992 943	-	-
National Housing Finance Corporation SOC Limited The loan of R25 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 2%. Interest and capital is repaid over the remaining term and will be repaid by July 2029. The loan is secured by a cession of all the rights, title and/or interests the group holds or which it may acquire in future, arising out of, or in connection with the end user agreements which are financed from this facility	13 612 631	14 543 067	-	-
National Housing Finance Corporation SOC Limited The loan of R120 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 0.5%. Interest and capital is repaid over the remaining term and will be repaid in full by December 2025. The loan is secured by a cession of all the rights, title and/or interests the group holds or which it may acquire in future, arising out of, or in connection with the end user agreements which are financed from this facility	67 559 519	76 218 950	-	-
Development Bank of South Africa SOC Limited The loan of R200 million from the Development Bank of South Africa Limited is at an interest rate of prime minus 1.0%. Interest and capital is repaid over the remaining term and must be repaid in full by 31 December 2024. The loan is secured by a cession of all the rights, title and/or interests the group holds or which it may acquire in future, arising out of, or in connection with the end user agreements which are financed from this facility	94 212 214	109 415 959	-	-
Cadiz Life and Asset Management The loan of R40 million from Cadiz Life and R10 million from Cadiz Asset Management is at an interest rate of prime plus 0.25%. The facility period was extended for another 60 months in June 2015. Interest and capital is repaid over the remaining term and repayment is extended by 12 months to June 2021. The loan is secured by a cession of all the rights, title and/or interests the group holds or which it may acquire in future, arising out of, or in connection with the end user agreements which are financed from this facility.	26 581 211	30 206 879	-	-

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019
24. Financial liabilities (continued)				
Futuregrowth Asset Management The loan of R250 million from Futuregrowth Asset Management is at an interest rate of prime plus 0.5%. The facility is fully drawn and interest and capital is paid monthly. The facility is repayable in full by July 2021.	103 940 975	127 923 887	-	-
Mergence Investment Managers The loan of R15 million from Mergence Investment Managers is at an interest rate of prime less 0.5%. The facility is fully drawn and interest and capital is paid monthly. The facility is repayable in full by July 2026.	9 420 182	10 429 202	-	-
Public Investment Corporation The loan of R300 million from the Public Investment Corporation is at an interest rate of prime less 2%. The facility is fully drawn and interest and capital is paid monthly. The facility is repayable in full by June 2027.	194 974 800	214 025 793	-	-
Futuregrowth Asset Management The loan of R300 million from Futuregrowth Asset Management acting as facility agent on behalf of Senior Lenders is at an interest rate of prime plus 0.2%. R200 million is repayable in equal monthly instalments of capital and interest calculated and interest calculated according to a 144 month amortisation profile as from 13 June 2013 and a final single payment on 15 July 2023. R100 million is repayable in equal monthly instalments of capital and interest calculated according to a 144 month amortisation profile as from 15 January 2014 and a final single payment 15 January 2024. The loan is secured by a cession of rights, title and/or interest the Group holds, or which in may acquire in future, arising out of, or in connection with the end user agreements which are financed from this facility.	181 040 424	204 675 920	-	-
Standard bank Warehouse: 700 million The loan of R700 million bears interest at the 3-month Jibar rate plus a margin of 3.25%, with the 3 month JIBAR rate resetting quarterly. Interest is payable on a monthly basis and with a capital repayment at the maturity date of January 2037.	388 292 203	-	-	-
National Housing Finance Corporation Limited The preference shares are issued to the National Housing Finance Corporation Limited and are at an interest rate of prime less the corporate tax rate currently 6,3%. Dividend payments have been accrued. The preference shares are redeemable in 2022 and rank after secured loans for repayment.	36 704 797	36 734 465	36 704 797	36 734 465
Futuregrowth Asset Management The loan of R200 million from Futuregrowth Asset Management is at an interest rate of prime plus 0.20%. The facility is fully drawn as funds are required and interest and capital is paid monthly. The loan is repayable in equal installments and is repayable in full by October 2024.	118 594 862	136 299 901	-	-

Notes to the Financial Statements

Figures in Rand	Group		Company	
	2020	2019	2020	2019
24. Financial liabilities (continued)				
Ashburton Investments A R65 million promissory note from Ashburton Investments issued at a nominal value of R65 million each, made to property developers is funded by the issue of the notes. Interest is serviced monthly and capital is redeemed on maturity in a bullet payment. The coupon is priced at prime and the final redemption date was extended to September 2020. This facility has been rolled on a monthly basis with the intention to roll it over for another 5 years.	65 492 486	65 521 088	-	-
Mergence Investment Managers The loan of R11 million from Mergence Investment Managers is at an interest rate of prime. The facility is fully drawn and interest and capital is paid monthly. The facility is repayable in full by February 2030.	9 286 695	9 916 821	-	-
Futuregrowth Asset Management The loan of R400 million from Futuregrowth Asset Management is at an interest rate of prime plus 0.40%. The facility is available for 1 years and interest is serviced monthly. The capital will be repaid by January 2020. An extension has been granted on this facility to September 2020 and discussions are underway to extend the repayment further.	104 173 715	321 331 607	-	-
Futuregrowth Asset Management The loan of R80 million from Futuregrowth Asset Management is at an interest rate of prime plus 0,25%. The facility is fully drawn and interest and capital are paid monthly on the remainder of the term facility will be fully paid by March 2026.	43 320 902	48 189 635	-	-
Futuregrowth Asset Management The loan of R100 million from Futuregrowth Asset Management is at an interest rate of prime plus 0.40%. The facility is fully drawn and interest and capital is paid monthly. The facility is repayable in full by December 2028.	77 963 851	85 405 054	-	-
National Housing Finance Corporation The loan of R200 million from National Housing Finance Corporation Limited is at an interest rate of prime plus 0.25%. Interest and Capital is paid monthly. The facility is fully drawn and interest and capital is repaid over the remaining term. The facility is repayable in full by February 2033.	188 729 819	195 440 925	-	-
Nedbank The loan of R100 million from Nedbank is at an interest rate of prime. The facility is fully drawn and interest is payable on a monthly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by July 2022.	99 291 854	99 519 592	-	-
Novo Impact Fund The loan of R10 million from Novo Impact Fund is at an interest rate of prime less 0,5%. The facility is fully drawn and interest is payable on a monthly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by May 2024	10 072 031	10 050 715	-	-

Notes to the Financial Statements

Figures in Rand	Group		Company	
	2020	2019	2020	2019
24. Financial liabilities (continued)				
NHFC Bridging Loan: 60 million The loan of R60 million from NHFC is at an interest rate of prime plus 2%. The facility is fully drawn. The capital and interest will be repaid in a single payment at the end of the term. Discussions are underway to extend the facility to September 2021.	63 719 870	-	-	-
Taquanta: 100 million The loan of R100 million from Taquanta bears interest at the 3-month Jibar rate plus 4,25%, with the 3-month JIBAR rate resetting quarterly. The facility is fully drawn and interest is payable on a quarterly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by December 2020.	100 465 752	-	-	-
Ashburton: 90 million The loan of R90 million from Ashburton is at prime rate. The facility is fully drawn and interest is payable on a monthly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by May 2024.	90 670 088	-	-	-
Lionshead (ALCB Fund): 100 million The loan of R100 million from Lionshead (ACLB Fund) is at an fixed interest rate of 10.25% for the first 12 months. Step-up interest rate of 3M JIBAR plus 3,75% will come into effect from October 2020 to March 2021. A further step up of 3M JIBAR plus 4.25% will apply from April 2021 to September 2021. The facility is fully drawn and interest is payable on a quarterly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by September 2021.	100 285 176	-	-	-
SEFA: 60 million The loan of R60 million from SEFA is at prime rate. The facility is fully drawn and interest is payable on a monthly basis. The capital will be repaid on a monthly basis with a 6 months moratorium from first draw date. The facility is fully repayable by March 2030. **Domestic Medium Term Note Programme:** A Listed and rated domestic medium term note was raised on 26 January 2017. The term of the notes is 3 years and the interest rate is the 3 month JIBAR rate plus a margin of 3.25%. The capital is repayable in October 2024. The note has been fully subscribed and the participants are listed below. All the notes were fully repaid on the due date.	30 080 342	-	-	-
Futuregrowth Asset Management: R94 million	-	95 687 364	-	-
Stanlib Asset Management: R60 million	-	61 077 041	-	-
Mergence Investment Managers: R21 million	-	21 376 964	-	-
Rand Merchant Holdings: R4 million	-	4 071 803	-	-
Domestic Medium-Term Note Programme:				

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019
24. Financial liabilities (continued)				
A second listed and rated domestic medium-term note was raised on 24 January 2020. The term of the notes is 4 years and the interest rate is at 3 month JIBAR rate plus a margin of 2.95%. The capital is repayable in October 2024. The note was fully taken by Sanlam.				
Sanlam Asset Management R280 million	285 033 863	102 410 010	-	
Mortgage backed securities				
A listed and rated residential mortgage backed securitisation was raised on 19 December 2018. The revolving period ends in January 2020 during which mortgage assets can be added. Interest is serviced quarterly. From January 2020 both capital and interest is serviced until all investor obligations are extinguished. The scheme is open to refinance after 6 years, being January 2025.	-	-	-	-
A Class Noteholders	507 335 041	395 477 514	-	-
B Class Noteholders	59 023 403	45 450 880	-	-
D Class Noteholders	27 510 254	20 607 075	-	-
	3 275 067 828	2 769 219 639	36 704 797	36 734 485
Deferred raising fees**	(10 952 427)	(7 605 271)	-	-
	3 264 115 401	**2 761 614 368**	**36 704 797**	**36 734 486**

**The current portion of the deferred raising fee is R 1 458 796 (2019: R 1 880 367).

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019

25. Share based payment reserve

Opening balance	-	41 898	-	41 898
Awards vested during the year	-	(41 898)	-	(41 898)
Shares awarded not yet vested	6 997 098	-	-	-
	6 997 098	**-**	**-**	**-**

TUHF Conditional Share Plan:

As an incentive for current and prospective employees of the Company, TUHF Holdings Limited has established a Conditional Share Plan ("CSP") to which 5 234 292 ordinary shares of a par value of R0.0001 each has been allocated.

Conditional awards made are subject to the company achieving performance metrics (such as, return on equity, growth in profit after tax, total capital impaired and other non-financial metrics) and are measured between a two to five year performance period. Conditional awards that employees become entitled to as a result of the Remuneration Committee and management's deliberations are vested into their name, equally over a three year period.

Following the vesting of conditional awards, the company is required to procure the settlement of the shares to be vested from TUHF Holdings Limited. Such shares are allotted and issued at the market value per share at no cost to the employee. The employee bears the taxation cost when the shares vest based on the current value per share.

In terms of the rules of the CSP, if an employee should leave the employment of TUHF Limited, TUHF Limited has the right of first refusal to purchase those shares registered in the employee's name at the current market value.

TUHF Holdings Limited may withhold any amounts or make such arrangements as are necessary to meet any liability to taxation or any other liabilities and costs in respect of the vesting of a conditional award.

At the end of the period under review, TUHF Limited held 1 997 521 (2019: 1 955 742) treasury shares in TUHF Holdings Limited.

On 1 April 2019 and 23 September 2019, grant letters were awarded to employees for 5 234 292 shares that will vest over the period April 2021 to April 2024 subject to specific service and performance conditions being met. The assessed fair value at grant date of share awards granted during the year ended 31 March 2020 was R6.31 per share. The fair value at grant date is determined using management's best estimates of the following assumptions:

- 75% probability of meeting performance conditions; and
- 5% attrition rate for qualifying employees

26. Interest income

Interest on advances	462 370 574	381 768 777	-	-
Interest on advances to related company	-	49 326	20 514 402	17 568 597
Interest on call deposits	6 747 754	4 199 880	177	200
Interest on guarantee deposits	2 310 487	1 782 935	-	-
Interest on staff loans	10 574	11 835	-	-
Interest received from SARS	31 743	57 521	-	-
	471 471 132	**387 870 293**	**20 514 579**	**17 568 797**

Raising fee income of R18 393 459 (2019: R 13 052 109) was recognised in the financial year under review and is included in interest on advances for group.

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019

27. Interest expenses

Interest on advances from related company	779 713	808 788	6 318 972	4 713 791
Interest on borrowings	294 535 199	239 145 807	-	-
Interest on fees on current account	11 450	2 890	-	-
Interest paid- Preference Shares	2 525 896	2 542 266	2 525 896	2 542 266
Interest paid to SARS	36 647	3 805	-	-
Interest expense - Lease Liability	1 029 416	-	-	-
	298 918 321	242 503 556	8 844 868	7 256 057

Raising fees and legal fees of R2 522 338 (2019: R 1 880 367) were recognised in the financial year under review and are included in interest on borrowings for group.

28. Expected credit losses

Stage 1	(17 707 352)	2 165 820	-	-
Stage 2	22 707 833	183 867	17 173 361	-
Stage 3	38 209 111	27 203 836	-	-
Recoveries in the year	(588 182)	(4 313 379)	-	-
	42 621 409	25 240 144	17 173 361	-

29. Non interest income

Rental income	1 363 736	1 249 526	-	-
Management fees	1 374 885	966 539	-	-
Sundry income	5 185 129	3 200 523	-	-
Dividends received	782 892	500 000	166 556	-
	8 707 623	5 916 588	166 556	-

30. Other operating gains

Fair value gains (losses)				
Financial assets mandatorily at fair value through profit or loss	832 899	1 166 782	-	-

31. Expenses by nature

Auditors remuneration	4 312 266	2 747 308	-	-
Consulting fees	16 590 737	11 347 188	-	-
Depreciation and amortisation	3 078 345	3 063 823	-	-
Depreciation - Leases	3 841 417	-	-	-
Employee costs	63 091 408	49 946 254	-	-
Financial administration	1 128 453	552 532	-	-
Information technology costs	1 830 358	1 410 407	-	-
Marketing	2 430 431	2 170 769	-	-
Office rental	420 767	4 559 169	-	-
Other expenses	9 269 960	2 820 443	2 483	3 211
Project management	1 822 569	891 741	-	-
Telephone and fax charges	1 085 476	900 345	-	-
Training and skills development	2 109 172	998 619	-	-
Utilities	1 023 686	938 859	-	-
Valuations	480 572	816 413	-	-
VAT - input VAT not claimable as it relates to non taxable supplies	9 106 940	5 392 481	169	294
	118 411 579	88 174 058	2 652	3 505

Notes to the Financial Statements

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019

32. Employee benefit expense

Employee costs included in note 31, comprises

Employee costs				
Employee costs salaried staff	42 571 933	37 218 570	-	-
Directors emoluments	9 836 237	9 995 960	-	-
Non executive directors	3 706 200	2 643 212	-	-
Share-based payment	6 967 098	118 700	-	-
	63 081 468	**49 976 442**	**-**	**-**

TUHF Limited has a defined contribution provident plan governed by the Pension Funds Act, 1956 as amended, to ensure all permanent employees are required to join. Payments to the provident plan are charged as an expense as they fall due.

The group has no obligations for post-retirement health benefits.

The group's expense in respect of defined contribution plans is:

Provident fund	5 510 451	4 959 776	-	-

33. Investment income

Dividend income				
Group entities:				
Subsidiaries - Local	-	-	-	15 000 000
Interest income				
Loans to group companies:				
Interest income	4 242 173	2 263 728	-	-
Fair value adjustment on joint ventures	-	2 961 781	-	-
Equity accounting earnings/ (losses)	1 735 273	-	-	-
Total investment income	**5 977 446**	**5 225 509**	**-**	**15 000 000**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2020	2019	2020	2019
34. Taxation				
Major components of the tax expense (income)				
Current				
Local income tax - current period	5 695 380	19 833 115	2 050 638	3 598 420
Deferred				
Deferred tax asset	(2 852 821)	(4 758 748)	(2 885 157)	-
Deferred tax liability	392 683	663 439	-	-
	(2 460 138)	**(4 095 309)**	**(2 885 157)**	**-**
	3 235 242	**15 737 806**	**(834 519)**	**3 598 420**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	Group 2020	Group 2019	Company 2020	Company 2019
Accounting profit (loss)	14 267 868	54 321 414	(5 339 566)	25 309 235
Tax at the applicable tax rate of 28% (2019: 28%)	3 994 003	15 209 996	(1 495 078)	7 086 586
Tax effect of adjustments on taxable income				
Exempt dividends	(219 210)	(140 000)	(46 636)	(4 200 000)
Non-taxable income	(531 977)	7 267	-	-
Non-deductible expenses	178 592	178 561	-	-
Non-taxable fair value adjustment	(44 962)	(231 200)	-	-
SARS interest and penalties	10 281	1 085	-	-
IFRS Accounting policy change	(559 835)	-	-	-
No accessed loss created	-	122	-	-
Non-deductible on preference shares	707 195	711 835	707 195	711 834
Prior year adjustment	175	-	-	-
	3 235 242	**15 737 806**	**(834 519)**	**3 598 420**

35. Commitments

Operating leases – as lessee (expense)

	Group 2020	Group 2019	Company 2020	Company 2019
Minimum lease payments due				
- Office rental payable within 1 year	-	5 122 309	-	5 122 309
- Office rental payable between 2 to 5 years	-	4 240 384	-	4 240 384
	-	**9 362 693**	**-**	**9 362 693**

This note has been replaced by IFRS 16 (See note 17)

36. Borrowing capacity

In terms of the company's memorandum of incorporation the borrowing powers of the company are unlimited except where any indebtedness, other than trade debt in the ordinary course of business, is limited to R 20 million. Undertakings have also been given to certain lenders of maintaining a debt to capital ratio of 90%.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2020	2019	2020	2019

37. Related parties

Holding company	TUHF21 NPC
Subsidiaries	Refer to note 13
Fellow subsidiaries	Intuthuko Equity Fund Proprietary Limited
Shareholders	National Housing Finance Corporation SOC Limited
	Futuregrowth on behalf of OMLACSA
	Government Employee Pension Fund (PIC)

Related party balances and transactions

Refer to notes 12 and 22 for details of loan balances with related parties.

Amounts paid to/(received) from major shareholders:

	Group 2020	Group 2019	Company 2020	Company 2019
TUHF21 NPC				
Interest paid	779 713	808 788	779 713	808 788
Management fees	(203 846)	(204 245)	(203 846)	(204 240)
Internal recovery fees	-	(1 956 523)	-	(1 956 523)
	575 867	**(1 351 981)**	**575 867**	**(1 351 981)**
National Housing Finance Corporation SOC Limited				
Interest paid	39 740 710	38 365 749	-	-
Futuregrowth				
Interest paid	108 545 927	107 939 312	-	-
PIC				
Interest paid	15 470 908	18 090 880	-	-
TUHF Limited (Company)				
Interest paid	6 318 972	4 713 790	6 318 972	4 713 790
Interest received	(16 083 980)	(15 048 759)	(16 083 980)	(15 048 759)
	(9 765 008)	**(10 334 969)**	**(9 765 008)**	**(10 334 969)**
TUHF Bridge Proprietary Limited (Group)				
Interest paid	371 280	400 792	371 280	400 792
TUHF Equity Proprietary Limited (Company)				
Interest received	(4 430 422)	(2 519 837)	(4 430 422)	(2 519 837)
Better Urban Living 2 Proprietary Limited (Joint Venture)				
Interest received	(2 388 916)	(1 315 718)	(2 388 916)	(2 519 837)

Notes to the Financial Statements

Figures in Rand	Group		Company	
	2020	2019	2020	2019

37. Related parties (continued)

Intuthuko Equity Finance Proprietary Limited				
Interest received	-	(49 335)	-	(49 335)
Vuselela Warehouse SPV (RF) Proprietary Limited				
Interest received	(734 205)	-	-	-
SilverKey Proprietary Limited (Joint Venture)				
Interest received	(1 297 558)	(839 755)	(1 297 558)	(839 755)
Risk Prop Proprietary Limited (Joint Venture)				
Interest received	(291 624)	(109 254)	(291 624)	(109 254)
Pearl Properties Investment Proprietary Limited (Joint Venture)				
Interest received	(264 075)	-	-	-

Key management compensation:

All members of the board are considered key management. Refer to note 38 for details of fees paid to directors.

S Moraba, a director of the company, is the chief executive officer of the National Housing Finance Corporation SOC Limited (NHFC). This company has granted the company wholesale loan facilities amounting to R703.6 million (2019: R443.1 million).

NHFC				
Total NHFC debt facilities - capital advanced	703 694 757	443 085 757	703 694 757	443 085 757
Interest paid	39 740 710	38 365 749	39 740 710	38 365 749
Interest and capital repayments	63 212 084	62 227 242	53 212 084	62 227 242
Futuregrowth				
Total facilities	1 261 717 699	1 504 000 000	1 261 717 699	1 504 000 000
Interest paid	108 545 927	107 939 912	108 545 927	107 939 912
Interest and capital repayments	591 586 475	589 406 867	591 586 475	589 406 867
PIC				
Total facilities	299 980 457	299 980 457	299 980 457	299 980 457
Interest paid	16 470 908	18 060 880	16 470 908	18 060 880
Interest and capital repayments	35 621 901	35 633 820	35 621 901	35 633 820

Notes to the Financial Statements

36. Directors' emoluments

Group

Executive

2020

	Cash component	Bonus	Provident fund	Other	Total
PGN Jackson	2 908 858	2 600 000	539 744	536 699	6 584 301
IL Roodt	1 869 243	900 000	322 961	139 732	3 231 936
	4 778 101	3 500 000	862 705	676 431	9 816 237

2019

	Cash component	Bonus	Provident fund	Other	Total
PGN Jackson	2 846 464	3 250 000	487 322	540 426	6 924 212
IL Roodt	1 566 014	900 000	302 148	103 586	2 871 748
	4 412 478	4 150 000	789 470	644 012	9 795 960

Non-executive

2020

	Directors' fees	Total
SS Moraba	431 250	431 250
TM Adler	512 650	512 650
C Coovadia	726 650	726 650
RR Emslie	668 050	668 050
JF Howard	288 250	288 250
JK Mamatela	281 250	281 250
JS Strelitz	326 250	326 250
L Vutula	265 650	265 650
R Solomon	83 700	83 700
B Mapongwana	48 500	48 500
PIC	75 000	75 000
	3 706 200	3 706 200

2019

	Directors' fees	Total
SS Moraba	364 550	364 550
TM Adler	358 206	358 206
C Coovadia	472 300	472 300
RR Emslie	461 000	461 000
JF Howard	200 500	200 500
JK Mamatela	277 550	277 550
JS Strelitz	245 050	245 050
P Magule	78 650	78 650
L Vutula	124 908	124 908
R Solomon	70 500	70 500
	2 643 212	2 643 212

Notes to the Financial Statements

39. Material uncertainty related to the going concern assumption

South Africa's economy is expected to decline by 8% this year, its worst performance in nearly 90 years. Household consumption will remain constrained by reduced income as well as low job growth. The 2020 outlook may deteriorate further if the global economy continues to weaken, or economic activity is curtailed again to protect public health.

It is uncertain how these macro-economic factors will impact the ability of the Group's borrowers to service their loans. The Group's client segment is particularly vulnerable to economic shocks resulting from the pandemic as they are primarily dependent on rental income from tenants in the low to middle income segments of the country. Collections were negatively impacted for the period 1 April 2020 to 30 June 2020; however, a slight improvement has been noted since July 2020 that is continuing into September 2020.

The Group is heavily dependent on well priced external funding to support growth and maintain liquidity. As indicated in note 7 to the financial statements, in accordance with IFRS compliance the Group has a liquidity mismatch of R1 321 151 129 and if borrowers do not demand repayment of their liabilities in the next 12 months despite certain covenant breaches, the liquidity mismatch is R 292 130 951. In order to fund this mismatch, the Group is dependent on the ability and intention of certain funders to either grant new funding or to refinance existing facilities that are due for repayment in the next 12 months.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The following are some of the remedial actions taken by management to deal with these events and conditions

- The Group has made a decision to delay extending new credit until 30 September 2020.
- All the Group's funders provided a payment holiday on principal payments for a period of six months, expiring 30 September 2020.
- Shareholders have committed additional loans of R 55 million that are subordinated to senior debt and are repayable in 18 months. The facility can be used for existing project commitments or can be used as a buffer for operating costs. At the date of the approval of the financial statements, the legal contracts are still outstanding

The Group however do have facilites that remain active for disbursement. These facilities are the Standard Bank warehouse facility and the SEFA facility. In August 2020 the Group received an approval from Eskom Pension Fund for a R 250 million facility subject to certain conditions, including the approval of the 2020 financial statements. All these measures and lines of credit mitigates some of the risk created by the uncertainty as mentioned above.

40. Events after the reporting period

The Covid 19 pandemic is an adjusting post balance sheet event for TUHF Holdings Limited. On 15 March 2020, the President of South Africa declared the Covid-19 impact as a national state of disaster and on 23 March 2020 a 21-day lockdown was mandated from 26 March 2020 to 16 April 2020. On 9 April 2020, the President of South Africa further extended the lockdown period until 30 April 2020. As from the 1st of May 2020 the lockdown was further extended, with the country moving different stages of risks between level 1 to level 5 depending on the severity of the pandemic. The group completed the impairment testing of all its financial and non-financial assets to take the impact of Covid-19 into account. The pandemic is causing significant domestic and global economic uncertainty and social restrictions which are directly impacting TUHF's financial performance.

TUHF Board of Directors have made a decision that no new credit will be granted. Until further notice, the majority of the TUHF's employees are working remotely. This is having a direct impact on all risk types within TUHF's risk management framework.

All the impacts on TUHF's risk profile from the pandemic are being regularly monitored, which includes an assessment of whether the controls currently in place are adequate to mitigate the evolving risks. Controls in place to manage the increased risk include: measuring productivity of employees while working remotely. Ongoing assessment of the arrears profile of the loan book and engaging with clients on an individual basis to work on possible restructurings or other debt relief measures, monitoring of the impact on the liquidity profile of TUHF Holdings Limited to ensure that funding can be paid as and when they become payable or roll forward as necessary, ongoing monitoring of debt covenants and regular engagement with the market and shareholders.

Notes to the Financial Statements

41. Restatement

IFRS 9 requires an entity to calculate interest income on financial assets that have subsequently become credit-impaired by applying the effective interest rate (EIR) to the amortised cost, which is net of any expected credit losses (ECL). Previously management incorrectly recognised interest on loans and advances classified as stage 3 on the gross carrying amount. This resulted in an understatement of interest income by R 6 882 979 and overstatement of expected credit losses by R 2 569 600 in the statement of profit and loss other comprehensive income .

In line with industry practice, management has also reclassified bad debts recovered of R4 313 379 (Group) to expected credit losses in the statement of profit and loss and other comprehensive income.

The effect of the restatement and reclassification is as follows

Statement of profit and loss and other comprehensive income		Group	
	Restated 2019	As previously reported	Impact
Interest income	397 870 293	390 987 314	6 882 979
Expected credit losses expense	(25 240 144)	(22 670 544)	(2 569 600)
Non-interest income	5 916 588	10 229 967	(4 313 379)
	378 546 737	**378 546 737**	-