Urban Ubomi 1 (RF) Limited

(Registration number 2019/504294/06)

Annual Financial Statements for the year ended 31 March 2023

General Information

General Information	Description
Country of incorporation and domicile	South Africa
Nature of business and principal activities	Urban Ubomi 1 (RF) Limited is funded through the issue of Commercial Papers and a Subordinated Loan. It uses these funds to purchase qualifying participating assets. The participating assets need to meet certain qualifying criteria and are reported upon monthly to the senior facility provider. The subordinated facility provides credit enhancement to the structure of a minimum of 9.25%. The company is an insolvency remote entity operating with no employees and no administrative infrastructure of its own. However, the company’s affairs are administered by TUHF Limited in its capacity of Servicer and Administrator and the collection agency services are provided by Vuselela Collections SPV (RF) Proprietary Limited.
Directors	DP Towers
	KW Van Staden
	E Deiner
	IL Roodt
Business address	1st Floor
	32 Fricker Road
	Illovo
	Johannesburg
	2196
Postal address	P.O Box 55208
	Northlands
	2116
Controlling company	TUHF Limited incorporated in South Africa
Ultimate holding entity	The Urban Ubomi 1 Issuer Owner Trust incorporated in South Africa
Auditor	Deloitte & Touche
Secretary	Quadridge Trust Services
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Transaction date	23 March 2021
Step up date	15 May 2026
Maturity date	15 May 2026
Transaction type	Mortgage backed securitisation programme
Preparer	The annual financial statements were internally compiled by: Imke Kruger CIMA (SA) following the detailed workings provided by Patricia Khomani, including a company working file for disclosure. An overall review was performed by the CFO Ilona Roodt, CA (SA).
Issued	28 July 2023

Contents

Audit Committee Report

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

The primary function of the audit committee is to assist the board of directors in appointing external auditors who are independent of the company and to oversee that management of the Servicer, maintain adequate systems of internal control, the integrity of the financial statements of the company and that processes are in place to ensure compliance by the company with all applicable legal and regulatory requirements and company policy.

1. Members

The members of the audit committee are all independent non-executive directors of the company and include:

Name

Kurt Wade van Staden

David Peter Towers

Evelyn Deiner

The committee has the financial and commercial expertise and experience to properly execute its duties and responsibilities.

2. External auditor

The audit committee has nominated Deloitte & Touche as the independent auditor and Nokuthula Mavuso as the designated partner, who is a registered independent auditor, for appointment of the 2024 audit.

The committee satisfied itself through enquiry that the external auditor is independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

3. The finance function

The audit committee has considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of the Servicer's management responsible for the finance function.

The audit committee has reviewed the accounting policies and the financial statements of the company and is satisfied that they are appropriate and comply with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of 71 of 2008 and has accordingly reviewed and recommended effectiveness of the internal control process and internal audit and has accordingly received and reviewed reports regarding the effectiveness and efficiency of internal controls.

4. Summary of focus areas of the audit committee

The committee examined the following matters during the financial year:

- The review of the external auditor's 2023 audit plan.
- Reviewing the annual financial statements and recommending it to the board for approval.

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 company'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.

5. Internal auditors

The Audit and Risk committee of the Servicer and Administrator has evaluated the role, independence and effectiveness of the internal auditors, KPMG in 2023.

6. Statutory reporting

The committee has evaluated the financial statements of Urban Ubomi 1 (RF) Limited for the year ended 31 March 2023. Based on the information provided to the committee, it is of the opinion that the company complies in all respects with the requirements of the Companies Act 71 of 2008 and the International Financial Reporting Standards.

7. Internal financial and compliance functions

The finance and reporting function has been outsourced to the Servicer and Administrator, TUHF Limited.

The company has been registered as an Accountable Institution in terms of the Financial Intelligence Centre Act and IL Roodt has been appointed by the directors as Compliance Officer.

8. King IV register

The company has completed a King IV application register. The register is available on the website: http://www.tuhf.co.za/investors.

9. Company secretary

The committee has satisfied itself that the company secretary, Quadridge Trust Services, has the appropriate competence and experience and will maintain an arm's-length relationship with directors.

10. Recommendation of the annual financial statements

The committee has fulfilled its oversight role regarding the reporting process for the 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.

KW Van Staden
Chairman Audit Committee
Date: 28 July 2023

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 company 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 financial statements.

The 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 company 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 company with the aim of ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2024 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on pages 10 to 15.

The directors' report on pages 7 to 9 and annual financial statements set out on pages 16 to 44 which have been prepared on the going concern basis, were approved by the board of directors on 26 July 2023 and were signed on their behalf by:

DP Towers

IL Roodt

28 July 2023

Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company 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.

Quadridge Trust Services
Johannesburg
Date: 28 July 2023

Director's Report

The directors have pleasure in submitting their report on the annual financial statements of Urban Ubomi 1 (RF) Limited for the year ended 31 March 2023.

1. Incorporation

The company was incorporated in South Africa on 10 October 2019 and obtained its certificate to commence business on the same day. The company started trading in March 2021.

2. Nature of business

Urban Ubomi 1 (RF) Limited is funded through the issue of Commercial Papers and a Subordinated Loan. It uses these funds to purchase qualifying participating assets. The participating assets need to meet certain qualifying criteria and are reported upon monthly to the senior facility provider. The subordinated facility provides credit enhancement to the structure of a minimum of 9.25%. The company is an insolvency remote entity operating with no employees and no administrative infrastructure of its own. However, the company's affairs are administered by TUHF Limited in its capacity of Servicer and Administrator and the collection agency services are provided by Vuselela Collections SPV (RF) Proprietary Limited.

A total of R 609 million mortgage-backed securities were issued in March 2021 under the R 2,5 billion Mortgage-backed Securitisation Loan Programme and the proceeds were used to acquire R 609 million in loan agreements together with their related security.

A further R 440 million tap issue was done in February 2022 and a third tap issuance raised R 363 million in December 2022. The issuer raised R 225 million in its final tap issuance in May 2023.
Where the qualifying assets no longer meet the qualifying criteria in respect of further advances required by the client, the assets are required to be repurchased.

During the year loans to the value of R 102 268 503 were bought back by the servicer and administrator.

3. Review of financial results and activities

The 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.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

4. Share capital

Authorised

	Number of shares	
	2023	**2022**
	R	**R**
Ordinary shares	1,000	1,000
Preference shares	1	1

Issued

	R		Number of shares	
	2023 R	2022 R	2023	2022
Ordinary shares	100	100	100	100
Preference shares	-	-	1	1
	100	**100**		

5. Dividends

No dividends were declared and paid out during the period to preference shareholders (2022: R3,600,000).

6. Directorate

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

Directors	Capacity
DP Towers	Independent non-executive
KW Van Staden	Independent non-executive
E Deiner	Independent non-executive
IL Roodt	Executive

7. Directors' interests in contracts

During the financial year, no contracts were entered into which the directors or officers of the company had an interest and which significantly affected the business of the company.

8. Controlled entities

The company is wholly owned by The Urban Ubomi 1 Issuer Owner Trust which is incorporated in South Africa. However in terms of IFRS 10 Consolidated Financial Statements, where it is determined that a company can direct the relevant activities of a Special Purpose Entity ("SPE") the SPE is classified as a controlled entity, the entity is consolidated in the same manner as a subsidiary company, despite the absence of any direct equity investment or voting rights. The Urban Ubomi 1 (RF) Limited has been assessed to be a controlled entity of TUHF Limited and is therefore consolidated into the TUHF Limited and TUHF Holdings Limited consolidated financial statements.

9. Directors' remuneration

Directors' fees amounting to R210,688 (2022: R216,667) in favour of Quadridge Trust Services were incurred during the year.

Trustee fees of R36,792 (2022: R57,300) in favour of Quadridge Trust Services were incurred in the year.

10. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

11. Auditors

Deloitte & Touche continued in office as auditors for the company for 2023 .

At the AGM, the shareholder will be requested to reappoint Deloitte & Touche as the independent external auditors of the company and to confirm Nokuthula Mavuso as the designated lead audit partner for the 2024 financial year.

12. Secretary

The company secretary is Quadridge Trust Services.

13. Social and Ethics Committee

The public interest score is being monitored and compliance with the Companies Act 71 of 2008 will be ensured within the time permitted by the Act.

14. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are satisfied that the company’s current cashflows and collection levels demonstrate a recovery from the impacts of covid-19. Collection levels were initially impacted in April, May and June 2020 but have recovered to above pre-Covid levels with average collections over a 12 month period of 98%. The ongoing management of the structure covenants ensures that all loans and advances in arrears by greater than 90 days are substituted out.

The directors are not aware of any new material changes that may adversely impact the company. 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 company.

15. Service providers

Service providers comprise the following.

Service	Service provider
Servicer and Administrator:	TUHF Limited
Back-Up servicer:	Mettle Credit Services Proprietary Limited
Corporate banker:	The Standard Bank of South Africa Limited
Custodian banker:	The Standard Bank of South Africa Limited
Trustee:	Quadridge Trust Services Proprietary Limited
Debt sponsor:	The Standard Bank of South Africa Limited

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Urban Ubomi 1 (RF) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Urban Ubomi 1 (RF) Limited (the company) set out on pages 16 to 44, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Urban Ubomi 1 (RF) Limited as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Key Audit Matters

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

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><th colspan="2">Expected Credit Losses on loans and advances</th></tr>
<tr><td>IFRS 9: Financial Instruments requires the recognition of expected credit losses (“ECL”) on loans and advances. The ECL on loans and advances, has been identified as a Key Audit Matter (“KAM”) due to the magnitude of the loans and advances and the inherent uncertainty and level of significant judgement applied by management in determining the ECL.

Models used to determine the credit provisions can be complex, and inputs used may not be fully observable.

The key areas of significant judgement applied by management in the ECL calculations include the following:
• The 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;
• Incorporating macro-economic inputs and forward-looking information into the assessment and ECL measurement;
• Input assumptions applied to estimate the probability of default (“PD”), exposure at default (“EAD”) and loss given default (“LGD”) within the ECL measurement; and
• The valuation of collateral.</td><td>To address the KAM we completed the following audit procedures:
• We identified, obtained an understanding of, and tested the design and implementation of relevant controls relating to the approval of the credit facilities, the governance processes in place around credit models, inputs and the collateral valuations; the credit forums where key judgements are considered, reviewed, challenged and approved and governance processes over out-of-model adjustments.

• In the evaluation of SICR and the resultant classification of the loans as stage 1, 2 or 3 in accordance with the requirements of IFRS 9:
a) 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.
b) We inspected the minutes of the arrears and problematic meetings to assess the classification of those clients that have been identified as being in arrears and being problematic and whether management’s classification of these loans as a result of identified SICR is appropriate.
c) We assessed the items that were included in the watchlist, held discussion with management to understand the reasons for the clients being placed on the watchlist and assessed whether those clients were adequately identified as presenting a possible SICR trigger and therefore being adequately classified as state 2 in terms of the requirements of IFRS 9.</td></tr>
</table>

Key Audit Matter	How the matter was addressed in the audit
	• In the evaluation of the input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") and the Incorporation of macro-economic inputs and forward-looking information into the assessment and ECL measurement, we included the involvement of our specialists in quantitative and credit modelling skills in performing the following procedures: a) Assessment of methodologies for compliance with IFRS 9 and testing of assumptions in response to the relevant risks of material misstatement identified; b) Reperformance of management's calculation of model parameters (i.e. PD, LGD, and EAD); c) Reperformance of management's calculation of the ECL allowance as at 31 March 2023; d) Assessing how management have taken the macro-economic factors and forward-looking information, considering market related data, into account in the determination of the ECL; and e) Assessing, in conjunction with the audit team, the completeness and accuracy of data used in the model. • For a sample of properties held as collateral, we performed the following procedures to test the fair value of the collateral: a) We benchmarked the rental streams and capitalisation rates used to value the collateral against market related data; and b) We assessed the reasonability of the haircuts applied to the valuation of the property. • We assessed the adequacy of the disclosures in the financial statements in accordance with IFRS 9 and IFRS 7.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Urban Ubomi 1 (RF) Limited Financial Statements for the year ended 31 March 2023”, which includes the Directors’ Report, the Audit Committee’s Report and the Company Secretary’s Certificate as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor’s reports thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte has been the auditor of Urban Ubomi 1 (RF) Limited for 3 years.

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

31 July 2023

Statement of Financial Position as at 31 March 2023

	Note(s)	2023 R	2022 R
Assets			
Cash and cash equivalents	6	81,845,965	46,421,952
Current tax receivable		-	219,946
Loans and advances	8	1,387,116,154	1,088,065,352
Trade and other receivables	7	57,662	546,027
Fair value derivative asset	9	10,848,277	2,802,531
Deferred tax asset	10	1,883,645	1,587,894
Assets		**1,481,751,703**	**1,139,643,702**
Equity capital and reserves			
Share capital	11	100	100
Retained earnings		19,965,844	1,161,900
Equity capital and reserves		**19,965,944**	**1,162,000**
Liabilities			
Trade and other payables	12	4,663,043	3,785,097
Financial liabilities	13	1,446,970,227	1,131,964,084
Fair value derivative liability		9,367,629	2,732,521
Current tax payable		784,860	-
Liabilities		**1,461,785,759**	**1,138,481,702**
Total Equity and Liabilities		**1,481,751,703**	**1,139,643,702**

The accounting policies on pages 20 to 28 and the notes on pages 29 to 44 form an integral part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2023	2022
		R	R
Interest income	15	152,510,968	74,699,887
Interest expense	16	(109,180,462)	(48,416,762)
Expected credit loss	17	(2,763,902)	(5,685,634)
Income from lending activities		**40,566,604**	**20,597,491**
Other operating income	18	391,969	506,007
Other operating gains /(losses)	19	263,190	(70,322)
Operating expenditure	20	(15,138,510)	(10,777,651)
Profit (loss) before taxation		**26,083,253**	**10,255,525**
Taxation	21	(7,279,309)	(2,930,357)
Total comprehensive income (loss) for the year		**18,803,944**	**7,325,168**

The accounting policies on pages 20 to 28 and the notes on pages 29 to 44 form an integral part of the financial statements.

Statement of Changes in Equity

	Share capital	Retained income	Total equity
	R	**R**	**R**
Balance at 1 April 2021	100	(2,563,268)	(2,563,168)
Profit for the period	-	7,325,168	7,325,168
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**7,325,168**	**7,325,168**
Dividends	-	(3,600,000)	(3,600,000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(3,600,000)**	**(3,600,000)**
Balance at 1 April 2022	**100**	**1,161,900**	**1,162,000**
Profit for the period	-	18,803,944	18,803,944
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**18,803,944**	**18,803,944**
Balance as at 31 March 2023	**100**	**19,965,844**	**19,965,944**
Note:	11		

The accounting policies on pages 20 to 28 and the notes on pages 29 to 44 form an integral part of the financial statements.

Statement of Cash Flows

	Note(s)	2023 R	2022 R
Interest income		146,211,489	73,445,080
Interest expenses		(78,772,705)	(31,366,049)
Tax paid		(7,983,962)	(4,181,113)
Cash paid to suppliers and employees		(1,817,979)	(1,503,700)
Management fees		(12,343,696)	(6,186,436)
Dividend paid		-	(3,600,000)
Net movement in advances		(294,759,583)	(438,857,269)
Tax refund received		536,559	-
Cash flow from operating activities		**(248,929,877)**	**(412,249,487)**
Amounts paid to related parties		(20,184,420)	(7,880,959)
Amounts received from related parties		4,390,444	69,214,231
Proceeds from financial liabilities		363,000,000	440,000,000
Repayments of financial liabilities		(61,831,784)	(58,438,353)
Cashflow hedge and interest rate swap payments		(1,020,348)	-
Cash flow from financing activities		**284,353,892**	**442,894,919**
Total cash movement for the year		**35,424,013**	**30,645,432**
Cash at the beginning of the year		46,421,952	15,776,520
Total cash and cash equivalents at end of the year	6	**81,845,965**	**46,421,952**

The accounting policies on pages 20 to 28 and the notes on pages 29 to 44 form an integral part of the financial statements.

Accounting policies

Corporate information

Urban Ubomi 1 (RF) Limited is a public company incorporated and domiciled in South Africa. The address of its principal place of business is 1st Floor, 32 Fricker Road, Illovo, Johannesburg, 2196.

The annual financial statements for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on 26 July 2023.

1. Significant accounting policies

1.1 Basis of preparation

The 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 financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

The 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 company's functional currency.

These accounting policies are consistent with the previous period.

The significant accounting policies are set out below. The statement of financial position is presented in order of liquidity.

Reference to the current maturities of these financial assets and liabilities are disclosed in the notes to the financial statements.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of 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.

1.2.1 The impact of the Macro economic environment on IFRS 9 Expected Credit Losses (ECLs)

Following the disruption of normal economic activity because of Covid-19 this impact has largely eased but the company has taken a conservative view when assessing the ECL given the current economic outlook and impact of inflation on lower-middle income households. The company based their ECL estimates on the best available information about past events, using current data, current conditions, and forecasts of economic conditions. In assessing these conditions, consideration has been given both to the impact of Covid-19 and the current high inflation environment, the high interest rate environment that also positively impacts demand for rental housing.

As a result of the remaining uncertainty, it is difficult to incorporate with certainty these residual effects. No further support measures have been extended by the company during the past year however, changes in economic conditions have been reflected in macroeconomic scenarios applied and the weightings applied. Ongoing delays in litigation significantly impacted the performance of the Servicer in the current year but significant progress has been made in resolving these outstanding matters.

Another area of significant judgement relates to the migration of accounts between the IFRS 9 staging buckets. Although no further relief granted by TUHF (the Servicer) to selected clients would impact the staging, delays in curing impacted the stages and this was reviewed by management in conjunction with other factors prior to determining whether accounts would move either to stage 2 or stage 3. The significant increase in credit risk in the portfolio is evaluated on a per project basis as there may be information not yet reflected in the historic data. Consequently, this review enables management to take a conservative view of loans in stage 3 and where necessary to consider other indicators such as client delinquent behavior, delays in construction projects and outstanding municipal arrears.

1.2.2 Expected credit losses (ECLs) on loans and advances

In respect of the ECLs for loans in the non-performing category we reported ECLs of R Nil (2022: R1,019,294).

In respect of the ECLs for loans in the performing category we reported ECLs of R11,323,984 (2022: R7,540,699).

Total expected credit losses, Stage 1, 2 and 3 combined reported are: R11,323,984 (2022: R8,559,993).

In respect of the ECLs for loans and advances, the average of the downturn, base case and upturn scenario is as follows.

Scenario	**2023**	**2022**
Downturn	R13,362,195	R10,100,791
Base case	R11,323,894	R8,559,992
Upturn	R9,285,593	R7,019,194

Sensitivity analysis applicable to 2023

Throughout the 2023-year, continued improved collections across the book remained an ongoing trend with collections for performing loans at pre-covid levels. Following the more severe impact in prior years, stability was maintained however, ongoing delays in the resolution of older litigation matters had a material impact on performance of the Servicer.

Significant attention was given to improving the process and accuracy of the identification of projects that display a significant increase in credit risk and this risk is incorporated into the IFRS 9 model update process. In addition, improvements to the model accuracy, management review process and governance processes were achieved.

Initial assumptions have been reviewed given the improvements in the identification of SICR and some of the conservatism has been revised relying on historic data to determine inputs. Overall, the calculation remains conservative through the recognition of 56% of the collateral based on historic data and a haircut of 44% of the valuation amount to reduce the amount considered and increase the ECL (Expected Credit Loss).

To consider FLI (Forward Looking Indicators) additional stresses on the probability of default (PDs) were included, and the outcome is that the PD used for the purpose of the calculation is 1.25 x the actual calculated PD to consider the impact of interest rates, a higher cost of living and property cycle not yet in recovery.

The project and risk screening approach ensures that the risk of default on loans with no arrears is evaluated and a quantitative assessment of the significant increase in credit risk is applied to the ECL through an overlay.

The model considers economic variables such as property prices and interest rates. The interest rate impact has been considered through the forward-looking indicators and is neutral due to demand for rental housing increasing during high interest rate environments. The forecast for property values remains conservative with a 3% increase in the next 12 months and a 6% increase thereafter be applied to the collateral.

PD Adjustment Factors - 2023

Scenario	2023	2024	2025
1 - Downturn	143%	118%	118%
2 - Base case	125%	100%	100%
3 - Upturn	107%	82%	82%

Sensitivity analysis applicable to 2022

Throughout the 2022-year, improved collections across the book have been an ongoing trend. Following the more severe impact in the previous year, stability was achieved within a short period of time.

Significant attention was given to the process of the identification of projects that display a significant increase in credit risk and this risk is incorporated into the IFRS 9 model update process.

Initial assumptions have been reviewed given the improvements in the identification of SICR and some of the conservatism has been revised but overall, the calculation remains conservative through the recognition of 55% of the collateral, well below the actual 67% recovery rate and a haircut of 45% of the valuation amount to reduce the amount considered and increase the ECL (Expected Credit Loss). The conservative assumptions will again be reviewed going forward.

To consider FLI (Forward Looking Indicators) additional stresses on the probability of default (PDs) were included, and the outcome is that the PD used for the purpose of the calculation is double the actual calculated PD in 2022, 125% in 2023 and 100% thereafter to consider the impact of interest rates, a higher cost of living and property cycle not yet in recovery.

The project and risk screening approach ensures that the risk of default on loans with no arrears is evaluated and a quantitative assessment of the significant increase in credit risk is applied to the ECL through an overlay.

The model considers economic variables such as property prices and interest rates. The interest rate impact has been considered through the forward-looking indicators and the forecast for property values remains conservative with a 2% increase in the next 12 months and a 3% increase 12 months thereafter. A 6% increase in property values has been applied from 2024.

PD Adjustment Factors - 2022

Scenario	2022	2023	2024
1 - Downturn	218%	143%	118%
2 - Base case	200%	125%	100%
3 - Upturn	182%	107%	82%

1.3 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments. IFRS 9 introduced 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 two 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 and advances (note 8) 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 company'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 interest income (note 13).

The application of the effective interest rate 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.

Impairment (IFRS 9)

IFRS 9 Three Stage Model

Stage	**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.
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 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".	Loans in Stages 3 have their ECL measured based on expected credit losses on a lifetime basis.
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)	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" as 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 thereof.

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 risk assessments. 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.

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.

For Stage 3 loans that are 90 days past due, interest income is suspended from the date that the individual exposure is 90 days past due.

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:

- 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 as well as other ad hoc indicators.
- 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 company has not used the low credit risk exemption for any financial instruments in the year ended 31 March 2023.
- 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 company's internal credit risk management approach and definitions and occurs at the earlier of:

1. In the company'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 company 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.

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.

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). If not, they are presented as non current liabilities.

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

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.

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.

Accounting for Derivatives

Classification

Non-hedging derivatives are classified mandatorily at fair value through profit or loss.

The accounting for derivatives strategy will require the company to reduce any basis risk exposure on interest rate risk. The company loans and advances originated before September 2020 earn interest on the basis of the prevailing prime interest rate plus a margin. Loans originated from September 2020 earn interest on the basis on the 3-month JIBAR rate plus a margin.

The company increasingly funds itself in the capital markets by means of loans and/or structured finance notes subject to the 3-month JIBAR rate. This creates a mismatch between prime linked assets and JIBAR linked liabilities priced according to different benchmark rates. Accordingly, the company has entered into an interest rate swap with Standard Bank to swap the underlying prime rate linked asset cashflows to a 3-month JIBAR rate.

The reasoning behind the accounting for derivatives correlates strongly to the underlying rating action taken by the rating agency in rating the underlying notes issued by the company. The structure risk would have been higher had the prime/JIBAR swap not been concluded.

Derivatives held by the company which are not in designated hedging relationships, include interests rate swaps.

A swap between the company and the servicer ensures that the structure pricing benefit is retained and that the overall group risk objective is achieved ensuring that the overall derivative impact is neutral.

Recognition and measurement

Derivatives are recognised when the company becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss. The fair value of the swaps are measured on a monthly basis applying the mark to market method.

Fair value gains or losses are included in Other Operating Gains (Losses) (note 17). Details of the valuation policies and processes are presented in note 4.

Fair Value Hedge Accounting

Classification

The risk being hedged in a fair value hedge is a change in the fair value of the fixed rate liability that is attributable to a fluctuation in the 3-month JIBAR and could affect profit or loss. The risk was hedged through a fixed-for-floating interest rate swap that has been entered into with Standard Bank.
All the key attributes of the swap are aligned to the attributes of the fixed rate notes, thus ensuring that the swap derivative effectively hedges the identified risk. The swap derivative was designed as a Fair Value Hedge at inception.

Recognition and measurement

A financial asset (liability) was recognised when the company becomes a party to the contractual provisions of the interest rate swap instrument. The asset(liability) was measured, at initial recognition.
Subsequently, the carrying value of the hedged item is adjusted for fair value changes attributable to the risk being hedged and those fair value changes are recognised in other operating gains (losses). The hedging instrument is measured at fair value, with changes in fair value also recognised in other operating gains (losses).

Mortgage-backed securities

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

1.4 Income tax

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.

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).

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.

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.

1.5 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.

1.6 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 of 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 of financial liability. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial instrument (e.g. prepayment options) but does not consider future credit losses.

1.7 Operating segments

Urban Ubomi has only one reportable segment being interest income from loan and advances granted. Although loans and advances are granted across different geographical areas the management of:

1. the nature of the products and the processes for granting of credit;
2. the governance, financial control and all other processes of the company and the geographical areas are managed at a central point . Therefore the IFRS 8 requirement for operating segments do not apply to Urban Ubomi.

Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company adopted all the standards and interpretations that are effective for the current financial year. The standards that are relevant and have an impact to its operations are listed below:

- Annual Improvements to IFRS Standards 2018–2020

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/ Interpretation:	Effective date:	Expected impact:
Amendments to IAS 1	1 Jan 2023	Unlikely there will be a material impact
Amendments to IAS 1 and IFRS Practice Statement 2	1 Jan 2023	Unlikely there will be a material impact
Amendments to IAS 8	1 Jan 2023	Unlikely there will be a material impact

3. Risk management

Servicer and Administrator performance

The company has outsourced the management of the company and its assets to TUHF Limited. As such, the company is exposed to performance risk of TUHF.

In order to assess the risk that TUHF will become unable to perform its roles as Servicer and Administrator of the company, the company has made enquiries as to TUHF's ability to continue to operate in spite of the current broader macro economic pressures on the operating environment. The company has satisfied itself that TUHF has continued to be able to operate effectively by demonstration the recovery of collection levels higher than Pre-Covid levels and is solvent and is likely to continue to have sufficient operating liquidity.

In the unlikely event that TUHF is unable to fulfil its roles as Servicer and Administrator there is a Back-Up Servicer appointed, Mettle Credit Services Proprietary Limited.

Capital risk management

The company is a thinly capitalised special purpose vehicle, with only nominal share capital. Mortgage assets are fully funded by mortgage-backed securities which have been issued to external investors. As such there are no further capital management objectives, policies, and procedures applicable to the company.

Liquidity risk

Liquidity risk is the risk that the company may have insufficient cash to meet its financial obligations as they fall due, more specifically in the short-term. Cash flows are monitored on a monthly basis to ensure that cash resources are adequate to meet the necessary operational requirements. The liquidity risk related to the funding of the portfolio of mortgage advances is mitigated by the fact that the legal term of the Notes issued exceed the legal maturities of the underlying mortgage advances.

Liquidity risk could arise if cash flows from mortgage advances were negatively impacted by non-performing advances.

However, in terms of the Programme Memorandum the company's obligation to pay amounts due to creditors is limited to the cash available determined with reference to their rank in the Priority of Payments.

The table below analyses the company's financial liabilities at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2023

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total interest	Carrying value
	R	R	R	R	R	R
Trade and other payables	4,663,043	-	-	-	-	4,663,043
Financial liabilities at fair value	192,905,830	455,284,686	208,349,263	1,009,616,448	(419,186,000)	1,446,970,227
Fair value derivative liability	-	-	-	9,367,629	-	9,367,629
	197,568,873	**455,284,686**	**208,349,263**	**1,018,984,077**	**(419,186,000)**	**1,461,000,899**

At 31 March 2022

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total interest	Carrying value
	R	R	R	R	R	R
Trade and other payables	3,785,097	-	-	-	-	3,785,097
Financial liabilities at fair value	177,318,821	362,036,540	165,676,660	1,020,851,400	(593,919,337)	1,131,964,084
Fair value derivative liability	-	-	-	2,732,521	-	2,732,521
	181,103,918	**362,036,540**	**165,676,660**	**1,023,583,921**	**(593,919,337)**	**1,138,481,702**

Interest rate risk

Interest rate risk arises through the ordinary course of the company’s business when the interest rates paid to Noteholders and the yields earned from mortgage advances (and/or cash balances) change at different speeds through time with varying degrees of certainty.

In particular, the company is exposed to cash flow interest rate risk on both loan advances (linked to the prime interest rate) and interest-beating liabilities that are linked to JIBAR.

The company mitigates the aforementioned risk to a large extent by benchmarking all material classes of financial instruments to a single reference rate (3M JIBAR). For this purpose, the company entered into a Interest rate swap in order to swap out prime rate cashflows for 3-month JIBAR Cashflows.

Loans and advances, cash and cash equivalents and money market assets as well as interest bearing liabilities are stated at amortised cost derived from a market related interest rate.

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

At 31 March 2023, 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 R270,186 (2022: R280,270) lower, as a result of higher levels of net borrowings than advances. If interest rates on net borrowings and advances had been 1% lower with all other variables held constant, pretax profit for the year would have been R270,186 (2022: R280,270) higher.

Credit risk

Credit risk represents the financial risk to the company as a result of a default by a counterparty. The company's primary exposure to credit risk is in respect of its portfolio of mortgage advances. Exposures to other counterparties are limited to intercompany balances, bank and short-term deposit accounts and short-term receivables with reputable counterparties meeting, where applicable, minimum counterparty credit rating requirements.

Bank and deposit accounts are held with banks with the highest short-term, national-scale credit ratings. Furthermore, derivative financial instruments are only entered into with banks meeting the minimum rating requirements prescribed in the company's Programme Memorandum.

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 following represents the maximum exposure, at reporting date, to credit risk and is stated before the allowance for impairment:

Financial instrument

	2023	**2022**
	R	**R**
Cash and cash equivalents	81,845,965	46,421,952
Loans and advances	1,387,116,154	1,088,065,352
Trade and other receivables excluding prepayments	55,253	546,027
Fair value Derivative asset	10,848,277	2,802,531
	1,479,865,649	**1,137,835,862**

4. Financial assets by category

2023

	Amortised cost	**Fair value through profit and loss**	**Total**
	R	**R**	**R**
Cash and cash equivalents	81,845,965	-	81,845,965
Loans and advances	1,387,116,154	-	1,387,116,154
Trade and other receivables excluding prepayments	55,253	-	55,253
Fair value derivative asset	-	10,848,277	10,848,277
	1,469,017,372	**10,848,277**	**1,479,865,649**

2022

	Amortised cost	**Fair value through profit and loss**	**Total**
	R	**R**	**R**
Cash and cash equivalents	46,421,952	-	46,421,952
Loans and advances	1,088,065,352	-	1,088,065,352
Trade and other receivables excluding prepayments	546,027		546,027
Fair value derivative asset	-	2,802,531	2,802,531
	1,135,033,331	**2,802,531**	**1,137,835,862**

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 2):

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level 2 Derivatives

	2023 R	2022 R
Opening balance	2,802,531	5,617,514
Addition	96,377	-
Increase due to rate reset	3,202,988	-
Repayments		(506,794)
Fair value adjustments (recognised in profit or loss)	4,619,281	(2,308,189)
Accrued Interest	127,100	
Closing balance	**10,848,277**	**2,802,531**

*Nominal value: R704,886,477. The company has entered into an interest-rate swap with Standard Bank of South Africa Limited. The derivative is intended to swap Urban Ubomi 1’s exposure to prime rate-linked cash flows for 3-month JIBAR-linked cash flows. Cash flows related to the derivative rank ahead of interest and capital repayments to noteholders, thus ensuring that noteholders are protected from the hedged interest rate risk.
The company calculates the Mark to Market (MTM) on the swap on a monthly basis. The maturity date of the swap is 15 May 2043 and the swap is balance guaranteed so the nominal value will automatically go to zero on the coupon step-up date, which is in May 2026.

**The nominal value R60 000 000. The company has entered into a Fixed-for-floating interest rate swap with Standard Bank of South Africa Limited to hedge interest rate risk on the fixed rate notes. The derivative swaps fixed interest rate cashflows for 3-month JIBAR Cashflow. The company calculates the Mark to Market (MTM) on the swap on a monthly basis. The maturity date of the swap is 15 May 2024.

5. Financial liabilities by category

2023	**Amortised cost** **R**	**Fair value through profit or loss** **R**	**Total** **R**
Financial liabilities at fair value	1,446,970,227	-	1,446,970,227
Fair value derivative liability	-	9,367,629	9,367,629
Trade and other payables	4,663,043	-	4,663,043
	1,451,633,270	**9,367,629**	**1,461,000,899**

2022

	Amortised cost	Fair value through profit or loss	Total
	R	R	R
Financial liabilities	1,131,964,084	-	1,131,964,084
Fair value derivative liability	-	2,732,521	2,732,521
Trade and other payables	3,785,097	-	3,785,097
	1,135,749,181	**2,732,521**	**1,138,481,702**

The table below sets out the reconciliation of financial liabilities that are measured at fair value based on inputs that are not based on observable market data (level 2):

Level 2 Derivatives

	2023	2022
	R	R
Opening balance	2,732,521	5,477,183
Addition		-
Increase due to rate reset	2,227,230	
Fair value adjustments (recognised in profit or loss)	4,407,878	(2,237,868)
Repayments	-	(506,794)
	9,367,629	**2,732,521**

Nominal value: R704,886,477. The company has entered into a fair value interest rate swap with TUHF Limited. The derivative swaps the 3-month JIBAR rate on the nominal for prime rate cash flows. Although the swap reverses the derivative entered into with Standard Bank of South Africa, cash flows related to this swap (with TUHF Limited) are subordinated to Noteholders' payments on the priority of payments. The maturity date of the swap is 15 May 2043. The swap is balance guaranteed so the nominal value will automatically go to zero on the coupon step-up date, currently May 2026.

6. Cash and cash equivalents

	2023	2022
	R	R
Current and call accounts	81,845,965	46,421,952
	81,845,965	**46,421,952**

All accounts are held at Standard Bank of South Africa Limited.

Credit quality of cash at bank and short term deposits

The credit quality of cash at bank and short term deposits can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating

	2023	2022
	R	R
Standard Bank (AA+)	81,845,965	46,421,952
	81,845,965	**46,421,952**

7. Trade and other receivables

	2023	2022
	R	R
Trade receivables (Related parties)	55,153	545,927
Other receivables	2,509	100
Total trade and other receivables	**57,662**	**546,027**

The fair value of other assets approximates their carrying amounts.

8. Loans and advances

	2023	2022
	R	R
Loans and advances	1,398,440,048	1,096,625,344
Expected credit losses	(11,323,894)	(8,559,992)
	1,387,116,154	**1,088,065,352**

ECL raised on Commitments:

	2023		2022	
	Commitment amount	ECL	Commitment amount	ECL
	R	R	R	R
Stage 1	10,131,197	44,272	448,095	9,640
Stage 2	-	-	544,203	120,783
Stage 3	-	-	-	-
	10,131,197	**44,272**	**992,298**	**130,423**

Exposure to credit risk

Loans and advances inherently exposes the company to credit risk, being the risk that the company 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 company 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.

2023

Expected credit losses 2023	Stage 1	Stage 2	Stage 3	Total
	R	R	R	R
Opening balance at 1 April 2022	**5,434,041**	**2,106,657**	**1,019,294**	**8,559,992**
ECL movement in the current year	(1,471,268)	7,302,549	(788,701)	5,042,580
Change in ECL due to derecognition	(263,027)	(1,733,113)	(282,538)	(2,278,678)
Net impairments raised/(released) through profit or loss	**(1,734,295)**	**5,569,436**	**(1,071,239)**	**2,763,902**
Transfer to/ (from) stages	(248,174)	196,229	51,945	-
Net transfer of ECL between stages	**(248,174)**	**196,229**	**51,945**	**-**
Impaired accounts written off against ECL provision	-	-	-	-
Total Expected Credit loss balance	**3,451,572**	**7,872,322**	**-**	**11,323,894**
				-
Gross loans	1,153,545,540	225,752,322	19,142,186	1,398,440,048
Total Expected Credit loss balance	(3,451,572)	(7,872,322)	-	(11,323,894)
Net advances	**1,150,093,968**	**217,880,000**	**19,142,186**	**1,387,116,154**

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 company'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 or 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.
3. Per IFRS 9, there is a requirement to determine a probability weighted and forward looking ECL. It also specifically notes that you should consider the likelihood of a loss scenario albeit with low probability. We assessed the Stage 3 loans individually and collectively and concluded that the expected credit losses are immaterial. This is largely due to the level of collateral held, in the form of the underlying property to which the loan is linked, in relation to these exposures and after taking into account recent valuation of the collateral, costs to sell and time to recover assumptions.

For 2023 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 28% which is in line with the group’s growth strategy.
- There were noticeable increases in the stage 2 expected credit losses due to the additional loans bought by the company during the year.

2022

	Stage 1	Stage 2	Stage 3	Total
	R	R	R	R
Opening balance at 1 April 2021	**2,702,019**	**172,339**	**-**	**2,874,358**
ECL movement in the current year	2,752,879	1,913,461	1,019,294	5,685,634
Change in ECL due to derecognition	-	-	-	-
Net impairments raised/(released) through profit or loss	**2,752,879**	**1,913,461**	**1,019,294**	**5,685,634**
Transfer to/ (from) stages	(20,857)	20,857	-	-
Net transfer of ECL between stages	**(20,857)**	**20,857**	**-**	**-**
Impaired accounts written off against ECL provision	-	-	-	-
Total Expected Credit loss balance	**5,434,041**	**2,106,657**	**1,019,294**	**8,559,992**
				-
Gross loans	1,049,720,453	35,710,699	11,194,192	1,096,625,344
Total Expected Credit loss balance	(5,434,041)	(2,106,657)	(1,019,294)	(8,559,992)
Net advances	**1,044,286,412**	**33,604,042**	**10,174,898**	**1,088,065,352**

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.

For 2022 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 67% which is in line with the group’s growth strategy.
- There were noticeable increases in the stage 1 and 2 expected credit losses due to the additional loans bought by the company during the year.

Renegotiated terms

None of the loans and advances have been renegotiated in the last year. Funds received are first applied to any past due amounts.

Credit quality and concentration of other financial assets

Geographical analysis

	2023 R	2022 R
Eastern Cape	215,859,671	120,887,538
Free State	44,106,722	44,546,299
Gauteng	806,343,934	685,041,094
KwaZulu Natal	264,497,455	209,535,357
Western Cape	67,632,266	36,615,056
	1,398,440,048	**1,096,625,344**

Maturity analysis

	2023 R	2022 R
Within 1 year	53,538,024	89,177,166
Within 2 to 3 years	220,214,365	152,854,386
Within 4 to 5 years	175,147,154	121,572,500
Over 5 years	949,540,505	733,021,292
	1,398,440,048	**1,096,625,344**

Collateral held

Summary 2023

	Collateral R	Balance R	ECL R
Stage 1	2,056,115,506	1,153,545,540	3,451,572
Stage 2	393,655,548	225,752,322	7,872,322
Stage 3	41,895,266	19,142,186	-
Total	**2,491,666,320**	**1,398,440,048**	**11,323,894**

Summary 2022

	Collateral R	Balance R	ECL R
Stage 1	1,886,476,684	1,049,720,453	5,434,041
Stage 2	64,027,240	35,710,699	2,106,657
Stage 3	16,204,373	11,194,192	1,019,294
Total	**1,966,708,297**	**1,096,625,344**	**8,559,992**

The carrying value of loans and advances approximates fair value.

9. Fair value Derivative asset

	2023	2022
	R	R
Standard Bank hedge*	9,607,637	2,802,531
Standard Bank fixed/floating hedge**	1,240,639	-
Refer to note 4		
	10,848,276	**2,802,531**

10. Deferred tax

Deferred tax liability

	2023	2022
	R	R
Fair value of derivatives	(89,964)	(18,903)
Prepaid Expenses	(650)	-
	(90,614)	**(18,903)**

Deferred tax asset

	2023	2022
	R	R
Expected credit losses	698,943	1,100,393
Provision for bad debts	1,275,316	506,404
Total deferred tax asset	**1,974,259**	**1,606,797**

Net deferred tax asset

	2023	2022
	R	R
Deferred tax liability	(90,614)	(18,903)
Deferred tax asset	1,974,259	1,606,797
Total net deferred tax asset	**1,883,645**	**1,587,894**

Reconciliation of deferred tax asset

	2023	2022
	R	R
At beginning of year	1,587,894	557,084
Expected credit losses	(401,450)	532,969
Provision for bad debts	768,912	477,451
Fair Value of Derivatives	(71,061)	20,390
Prepaid expenses	(650)	-
	1,883,645	**1,587,894**

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

11. Share capital

Authorised

	Number of shares	
	2023	**2022**
100 Ordinary shares of R1 each	100	100
1 Preference share of R0.01 each	1	1

Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Issued

	2023	**2022**
	R	**R**
Ordinary shares	100	100
Preference shares*	-	-
	100	**100**

*The preference share amount is less than R1 and was issued in the prior financial year.

12. Trade and other payables

Financial instruments

	2023	**2022**
	R	**R**
Trade payables	4,523,715	3,540,606
Other payables	139,328	244,491
	4,663,043	**3,785,097**

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

13. Financial liabilities

Held at amortised cost:

Secured	**2023**	**2022**
	R	**R**
Class A1 Noteholders: 3-month JIBAR plus 1,55%	108,928,737	144,573,521
Class A2 Noteholders: 3-month JIBAR plus 2,20%	312,676,253	311,425,565
Class A4 Noteholders: 3-month JIBAR plus 1,70%	20,490,248	27,199,333
Class A5 Noteholders: 3-month JIBAR plus 2,35%	286,419,260	285,321,127
Class A7 Noteholders: 3-month JIBAR plus 1,50%	132,177,403	-
Class A8 Noteholders: 3-month JIBAR plus 2,50%	136,656,062	-
Class B Noteholders: 3-month JIBAR plus 2,50% - 2,74%	193,377,936	192,625,848
Class C Noteholders: 3-month JIBAR plus 3,70% - 4,00%	55,763,582	37,368,934

Secured	**2023**	**2022**
	R	**R**
A listed mortgage-backed securitisation concluded in March 2021. Interest is priced at 3-month JIBAR plus a specified margin for each tranche of notes, with the 3-month JIBAR rate resetting quarterly. The margins range from 1.55% to 4.00% across the various notes. Interest and capital are payable quarterly in terms of the Urban Ubomi 1 (RF) priority of payment until all obligations are fully settled. The structure has a contractual maturity date of May 2043 and open to the first refinance in May 2024.		
Class A9 Noteholders	61,861,654	
The Note bears interest at a fixed rate of 10.24% and was issued December 2022. Interest is paid semi- annually in May and November. Capital is payable quarterly in terms of the Urban Ubomi 1 (RF) priority of payments until all obligations are fully settled. The note has a contractual maturity date of May 2043 with a step up date of May 2026. The fixed rate was swapped to floating through a Fixed-to-Floating swap, with all matching attributes. Fair value hedge accounting was adopted from inception.		
TUHF Limited Subordinated Loan	138,619,092	133,449,756
The loan bears interest at the 3-month JIBAR rate plus a margin of 10%, with the 3- month JIBAR rate resetting quarterly. Interest is payable on a monthly basis given that there is sufficient cash flow for such payment in the priority of payments and with a capital repayment at the maturity date of May 2043.		
	1,446,970,227	**1,131,964,084**

Maturity analysis

The table below analyses the company's financial liabilities at the statement of financial position date to the undiscounted expected cashflows in 2026.

Expected cashflow:

	2023	**2022**
	R	**R**
Within 1 year	384,936,350	161,050,899
Within 1 to 3 years	390,347,077	345,934,822
Within 3 to 5 years	1,063,748,928	942,719,487
More than 5 years	-	-
Interest	(392,062,128)	(317,741,124)
	1,446,970,227	**1,131,964,084**

Maturity analysis

The table below analyses the company’s financial liabilities at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Legal contractual maturity analysis

	2023	2022
	R	R
Within 1 year	192,905,830	177,318,821
Within 2 to 3 years	455,284,686	362,036,540
Within 4 to 5 years	208,349,263	165,676,660
More than 5 years	1,009,616,448	1,020,851,400
Interest	(419,186,000)	(593,919,337)
	1,446,970,227	**1,131,964,084**

14. Fair value derivative liability

	2023	2022
	R	R
Fair value derivative liability (Refer note 5)	9,367,629	2,732,521
	9,367,629	**2,732,521**

15. Interest income

	2023	2022
	R	R
Interest on loans and advances	148,545,394	73,229,527
Interest on call deposits	3,826,684	1,470,360
Interest received- SARS	11,790	-
Interest received- fixed floating hedge	127,100	-
	152,510,968	**74,699,887**

16. Interest expenses

	2023	2022
	R	R
Interest on advances from related company	(20,862,015)	(9,961,935)
Interest on financial liabilities	(87,441,297)	(38,454,827)
Interest paid- SARS	(877,150)	-
	(109,180,462)	**(48,416,762)**

17. Expected credit losses

IFRS 9

	2023	2022
	R	R
Stage 1	(1,734,295)	2,752,879
Stage 2	5,569,436	1,913,461
Stage 3	(1,071,239)	1,019,294
	2,763,902	**5,685,634**

18. Other operating income

	2023	2022
	R	R
Penalties	391,969	506,007
	391,969	**506,007**

19. Other operating (losses) gains

Fair value gains (losses)

	2023	2022
	R	R
Net (losses)/gains on the hedged item in fair value hedges	263,190	(70,322)
	263,190	**(70,322)**

20. Other operating expenses

	2023	2022
	R	R
Admin fee	(2,056,382)	(1,234,385)
Auditor's remuneration	(400,000)	(925,633)
Back up servicer	(172,500)	(172,500)
Directors' fees	(210,668)	(216,667)
Issuance fee	(115,000)	(603,750)
Rating fees	(289,800)	(362,250)
Secretarial fees	(89,532)	(92,083)
Servicing fee	(11,652,833)	(6,994,847)
Other expenses	(115,003)	(118,236)
Trustees fees	(36,792)	(57,300)
	(15,138,510)	**(10,777,651)**

21. Taxation

Major components of the tax expense

	2023	2022
	R	R
Current		
Local income tax - current period	7,575,059	3,961,167
Deferred		
Originating and reversing temporary differences	(295,750)	(1,030,810)
	7,279,309	**2,930,357**

Reconciliation of the tax expense

	2023	2022
	R	R
Accounting profit	26,083,252	10,255,525
Tax at the applicable tax rate of 27% (2022: 28%)	7,042,478	2,871,547
Tax effect of adjustments on taxable income		
SARS Penalties	236,831	
Deferred tax adjustment for change in tax rate	-	58,810
	7,279,309	**2,930,357**

22. Related parties

Related party type	Related party
Ultimate holding company	The Urban Ubomi 1 Issuer Owner Trust
Controlled entity	TUHF Limited
Consolidated in results of	TUHF Limited and TUHF Holdings Limited
Collection agency	Vuselela Collection

Related party balances

Loan accounts - Owing (to) by related parties

	2023	2022
	R	R
TUHF Limited (Refer to note 12)	(138,619,092)	(133,449,756)
The Urban Ubomi 1 Security SPV Owners Trust Account	100	100
Vuselela Collection SPV (RF)	55,153	-

Amounts included in trade and other payables regarding related parties

	2023	2022
	R	R
TUHF Limited	139,294	3,341,038
	139,294	**3,341,038**

Related party transactions

TUHF Limited

	2023	2022
	R	R
Interest paid	20,862,015	9,961,935
Admin fee paid	2,056,382	1,234,385
Servicing fee paid	11,652,833	6,994,847
Expenses paid by TUHF Ltd on behalf of clients	139,294	240,591
	34,710,524	**18,431,758**

23. Director's emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the period. However an amount of R223 264 (2022: R 184 000 accrued) was paid to Quadridge Trust services in this financial year for independent directors services provided as part of their service agreement for the structure.

24. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are satisfied that the company's current cashflows and collection levels demonstrate a recovery from the impacts of Covid-19 and the current macro-economic environment. Collection levels were initially impacted in April, May and June 2020 but have recovered to above pre-covid levels with average collections over a 12 month period of 98%. The ongoing management of the structure covenants ensures that all loans and advances in arrears by greater than 90 days are substituted out. The directors are not aware of any new material changes that may adversely impact the company.

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 company.

25. Events after the reporting period

No matter which is material to the financial affairs of the company has occurred between the reporting date and the date of the approval of the financial statements.