Urban Ubomi 1 (RF) Limited

(Registration number 2019/504294/06)

Annual Financial Statements for the year ended 31 March 2024

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 comprising 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 as 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.
Preparer	The annual financial statements were internally compiled by: Imke Kruger CIMA (SA) following the detailed workings provided by Chantelle de Jongh CIMA (SA), including a company working file for disclosure. An overall review was performed by the CFO Ilona Roodt, CA (SA).
Issued	25 July 2024

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

2. External auditor

The audit committee approved Deloitte & Touche's terms of engagement and the fees for 2024.

The audit committee is satisfied with the quality, effectiveness, independence, and objectivity of Deloitte & Touche as the external auditors and Nokuthula Mavuso as the designated auditor.

The audit committee will recommend the reappointment of Deloitte & Touche as the independent external auditors of the company and the reappointment of Nokuthula Mavuso as the designated lead audit partner for the 2025 financial year.

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 IFRS® Accounting Standards and the requirements of the Companies Act and has accordingly reviewed the effectiveness of the internal control process and internal audit, and has received and reviewed reports regarding the effectiveness and efficiency of internal controls.

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 IFRS Accounting Standards 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 audit committee examined the following matters during the financial year:

- The review of the external auditor's 2024 audit plan.
- Reviewing the 2024 annual financial statements and recommending it to the board for approval.

In discharging its responsibilities during the year under review, the audit 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 committee of the Servicer and Administrator has evaluated the role, independence and effectiveness of the internal auditors, KPMG in 2024.

6. Statutory reporting

The audit committee has evaluated the financial statements of Urban Ubomi 1 (RF) Limited for the year ended 31 March 2024. 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 IFRS Accounting 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 audit 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 audit 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: 25 July 2024

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 IIFRS Accounting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS Accounting 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 2025 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 25 July 2024 and were signed on their behalf by:

DP Towers	IlRoodt **IL Roodt**

25 July 2024

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.

SM Mangena on behalf of Quadridge Trust Services
Johannesburg
Date: 25 July 2024

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 2024.

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 R609 million mortgage-backed securities were issued in March 2021 under the R2,5 billion Mortgage-backed Securitisation Loan Programme and the proceeds were used to acquire R609 million in loan agreements together with their related security.

A further R440 million tap issue was done in February 2022 and a third tap issuance raised R363 million in December 2022. The issuer raised R225 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 R30,2 million were bought back by the Servicer and Administrator.

3. Review of financial results and activities

The financial statements have been prepared in accordance with IFRS Accounting 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

	Number of shares	
Authorised	**2024**	**2023**
Ordinary shares	1,000	1,000
Preference shares	1	1

	Amount		Number of shares	
Issued	**2024** **R**	**2023** **R**	**2024**	**2023**
Ordinary shares	100	100	100	100
Preference shares	-	-	1	1
	100	**100**	**101**	**101**

5. Dividends

Dividends to the value of R8,937,358 were declared and paid out during the period to preference shareholders (2023: R nil).

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 R191,354 (2023: R210,688) in favour of Quadridge Trust Services were incurred during the year.

Trustee fees of R35,261 (2023: R36,792) 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 2024.

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 2025 financial year.

12. Secretary

The company secretary is Quadridge Trust Services.

13. Social and Ethics Committee

The company received exemption from establishing a Social and Ethics committee from the Companies Tribunal on 1 May 2024.

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, collection levels and covenant management reflect the strong performance of the structure from inception.

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 2024, 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 material accounting policy information.

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 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Expected Credit Losses on loans and advances	
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, and • The stage 3 templates for computing the ECL provision is subject to significant judgements in determining the expected net proceeds on sale of the property.	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.

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 2024; 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. • In assessing the accuracy of the Stage 3 Out of Model ECL, we obtained and challenged management on the supporting documentation provided to support the judgemental inputs that are used in deriving the final ECL number.

Key Audit Matter	How the matter was addressed in the audit
	We assessed the adequacy of the disclosures in the financial statements in accordance with IFRS 9 and IFRS 7 Financial Instruments: Disclosures (IFRS 7). Based on the procedures described above, our audit evidence was consistent with the inputs in the ECL on loans and advances which were found to be within an acceptable range in the context of IFRS 9. In respect of the review of the sufficiency and completeness of disclosures, we found the disclosures to be consistent with the provisions of IFRS Accounting Standards in all material respects.

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 Annual Financial Statements for the year ended 31 March 2024", which includes the Directors' Report, the Audit Committee's Report, Directors' Responsibilities and Approval and the Company Secretary's Certification 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, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board 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 4 years.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche
Registered Auditors
Per: Nokuthula Mavuso
Partner

31 July 2024

5 Magwa Crescent
Waterfall City
Waterfall
2090

Statement of Financial Position as at 31 March 2023

	Note(s)	2024	2023
		R	R
Assets			
Cash and cash equivalents	5	142,690,188	81,845,965
Loans and advances	6	1,520,812,423	1,387,116,154
Trade and other receivables	7	631,349	57,662
Derivative assets	8	3,955,658	10,848,277
Deferred tax asset	9	1,849,100	1,883,645
Assets		**1,669,938,718**	**1,481,751,703**
Equity capital and reserves			
Share capital	10	100	100
Retained earnings		43,433,848	19,965,844
Equity capital and reserves		**43,433,948**	**19,965,944**
Liabilities			
Trade and other payables	11	5,834,627	4,663,043
Financial liabilities	12	1,616,193,133	1,446,970,227
Derivative liabilities	8	2,770,316	9,367,629
Current tax payable		1,706,694	784,860
Liabilities		**1,626,504,770**	**1,461,785,759**
Total Equity and Liabilities		**1,669,938,718**	**1,481,751,703**

The accompanying notes form an integral part of these annual financial statements.

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2024	2023
		R	R
Interest income	13	241,813,156	152,510,968
Interest expense	14	(179,906,283)	(109,180,462)
Expected credit loss	15	1,475,152	(2,763,902)
Income from lending activities		**63,382,025**	**40,566,604**
Other operating income	16	1,476,926	391,969
Other operating (losses)/gains	17	(564,849)	263,190
Operating expenditure	18	(19,889,920)	(15,138,510)
Profit (loss) before taxation		**44,404,182**	**26,083,253**
Taxation	19	(11,998,820)	(7,279,309)
Total profit/(loss) for the year		**32,405,362**	**18,803,944**

The accompanying notes form an integral part of these annual financial statements.

Statement of Changes in Equity

	Share capital	Retained income	Total equity
	R	R	R
Balance at 1 April 2022	**100**	**1,161,900**	**1,162,000**
Profit for the period	-	18,803,944	18,803,944
Balance at 1 April 2023	**100**	**19,965,844**	**19,965,944**
Profit for the period	-	32,405,364	32,405,364
Dividends paid	-	(8,937,358)	(8,937,358)
	-	**23,468,006**	**23,468,006**
Balance as at 31 March 2024	**100**	**43,433,850**	**43,433,950**
Note(s)	10		

The accompanying notes form an integral part of these annual financial statements.

Statement of Cash Flows

	Note(s)	2024	2023
		R	R
Interest income		239,582,468	146,211,489
Interest expenses		(147,876,427)	(78,772,705)
Tax paid		(11,042,441)	(7,983,962)
Cash received from clients		25,798	-
Cash paid to suppliers and employees		(1,830,759)	(1,817,980)
Management fees		(17,668,210)	(12,343,696)
Dividend paid		(8,937,358)	-
Net movement in advances		(128,193,062)	(294,759,583)
Tax refund received		-	536,559
Cash flow from operating activities		**(75,939,991)**	**(248,929,878)**
Amounts paid to related parties		(30,296,405)	(20,184,420)
Amounts received from related parties		21,060,115	4,390,444
Proceeds from financial liabilities		225,000,000	363,000,000
Repayments of financial liabilities		(78,461,651)	(61,831,784)
Derivative receipts and payments		(517,846)	(1,020,348)
Cash flow from financing activities		**136,784,213**	**284,353,892**
Total cash movement for the year		**60,844,223**	**35,424,013**
Cash at the beginning of the year		81,845,965	46,421,952
Total cash and cash equivalents at end of the year	5	**142,690,188**	**81,845,965**

The accompanying notes form an integral part of these annual financial statements.

Accounting framework and critical judgements

1. 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 2024 were authorised for issue in accordance with a resolution of the directors on 25 July 2024.

1.1 Basis of preparation

The annual financial statements are presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and Interpretations as issued by the IFRS Interpretations Committee (“IFRIC”), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act No 71 of 2008.

The annual financial statements are prepared using historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. The South African Rand is the company's functional currency and all amounts are presented in ZAR.

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 Going Concern

The financial statements are prepared on the going concern basis. 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 annual 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 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.

1.3 Segmental reporting

The executive committee headed by the CEO, has been identified by the group as the chief operating decision maker who is responsible for assessing the performance and allocation of resources of the group which includes the administration of Urban Ubomi 1.

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

The chief operating decision maker has determined that no part of the business is regarded as separable from the rest. The business sells a single product, the revenue from one single customer does not exceed 10% of the company's revenues in 2024 and in 2023 and the fact that management assesses information relating to the performance of the single segment on multiple levels and from multiple perspectives all elements are regarded as inter-connected.

As such the annual financial statements of Urban Ubomi do not require segmental reporting.

2. Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS Accounting Standards 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.

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

The current economic conditions are considered positive for demand for affordable rental housing nationally with some areas impacted more positively. Non-performing loans, however, remain higher than target levels with significant success achieved in litigation matters coupled with the emergence of new arrears within target levels. The impact of cost of living inflation, high interest rates and unemployment continues to challenge property owners. Property values remain conservative reflecting the twin forces of increased demand and inflation. Overall, investors remain cautious weighing up the risks and opportunities available to them with a moderate increase in investment appetite.

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 delays in resolving projects in arrears and the current high inflation environment particularly the tariff increases in property and service charge taxation by local government balanced with the high interest rate environment that also continues to 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 and long outstanding matters that arose as a result of the impact of Covid – 19 have been successfully resolved in the courts in our favour. Changes in economic conditions have been reflected in macroeconomic scenarios applied and the weightings applied. The performance of the Servicer has been impacted by weak economic growth that prevails in the environment and investor uncertainty.

Another area of significant judgement relates to the migration of accounts between the IFRS 9 staging buckets. Although TUHF (the Servicer) did not grant further relief to selected clients, the mandatory 3-month delay in curing affected the staging. This resulted in Stage 3 and Stage 2 loans being delayed in their credit rehabilitation. The staging 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.

Sensitivity analysis applicable to 2024

Throughout the 2024-year, collections across the book remained stable and positive but reflected a moderate decline. The biggest impact is due to some delays in the transfer of projects sold and ongoing delays in the resolution of older litigation matters continuing to have a material impact on the 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 (SICR) and this risk is incorporated into the IFRS 9 model update process. In addition, ongoing improvements to the model accuracy, management review process, model documentation 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 50.4% of the collateral based on historic data and a haircut of 49.6% 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 conservative property values of 3%.

PD Adjustment Factors - 2024

Scenario	2024	2025	2026
1 - Downturn	143%	118%	118%
2 - Base case	125%	100%	100%
3 - Upturn	107%	82%	82%

Sensitivity analysis applicable to 2023

Throughout the 2023-year, continued improved collections across the book remain 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 considered more neutral as demand for rental housing increases 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 was 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%

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 R663,937 (2023: R nil).

In respect of the ECLs for loans in the performing category we reported ECLs of R9,285,304 (2023: R11,313,894).

Total expected credit losses, Stage 1, 2 and 3 combined reported are: R9,949,241 (2023: R11,323,984).

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

Scenario	**2024**	**2023**
Downturn	R11,740,104	R13,362,195
Base case	R9,949,241	R11,323,894
Upturn	R8,158,378	R9,285,593

Notes to the annual financial statements

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

The company has applied the following amendments for the first time for their annual reporting period commencing 1 April 2023:

Standard/ Interpretation:	Effective date:	Impact:
Amendments to IAS 1 – Classification of liabilities as current or non-current	1 Jan 2023	No material impact
Amendments to IAS 1 – Classification of liabilities as current or non-current (deferral of effective date)	1 Jan 2023	No material impact
Amendments to IFRS 4 – Extension of Temporary Exemption from Applying IFRS 9	1 Jan 2023	No material impact
Amendments to IFRS 1 and Practice Statement 2 – Disclosure of Accounting Policies	1 Jan 2023	No material impact
Amendments to IAS 12 – Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023	No material impact
Amendments to IAS 8 – Definition of Accounting Estimates	1 Jan 2023	No material impact
Amendments to IFRS 17 – Initial Anticipation of IFRS 17 and IFRS 9 – Comparative Information	1 Jan 2023	No material impact
Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules	1 Jan 2023	No material impact

3.2 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 and relevant for the company's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date:	Expected impact:
Amendment to IAS 1 – Non-current liabilities with covenants	1 Jan 2024	Unlikely there will be a material impact
Amendment to IAS 7 and IFRS 7 - Supplier finance	1 Jan 2024	Unlikely there will be a material impact
IFRS 18 Presentation and Disclosure in Financial Statements	1 Jan 2027 (Published 9 April 2024)	The company is yet to assess the impact

4. Risk Management

4.1 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 Limited (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 demonstrating strong cashflows, collection levels and covenant management since inception. The company remains 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.

4.2 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.

4.3 Financial Risk Management

The company's activities expose it to a variety of financial risks such as market risk, credit risk, and liquidity risk. The structure is a ring-fenced structure where the company collections are managed collectively on a monthly basis to meet commitments as set out in an agreed priority of payments schedule.

The structure is managed by the TUHF Limited as the Servicer and Administrator, in terms of the transaction documents. The structure is funded through the issue of Commercial Paper and a Subordinated Loan. It uses these funds to purchase qualifying assets. The qualifying assets need to meet certain criteria and are reported on quarterly to investors. The subordinated facility provides credit enhancement to the structure, comprising 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 as Servicer and Administrator and the collection agency services provided by Vuselela Collections SPV (RF) Proprietary Limited.

4.3.1 Company financial instruments by category

2024	**Assets**		**Liabilities**		
Financial assets	**Amortised cost**	**Fair value through profit or loss**	**Amortised cost**	**Fair value through profit or loss**	**Total carrying amount**
	R	**R**	**R**	**R**	**R**
Cash and cash equivalents	142,690,188	-	-	-	142,690,188
Loans and advances	1,520,812,423	-	-	-	1,520,812,423
Trade and other receivables excl. prepayments	628,923	-	-	-	628,923
Derivative asset	-	3,955,658	-	-	3,955,658
	1,664,131,534	**3,955,658**	**-**	**-**	**1,668,087,192**
Financial liabilities					**-**
Trade and other payables	-	-	5,834,627	-	5,834,627
Interest bearing liabilities	-	-	1,553,978,233	62,214,900	1,616,193,133
Derivative liability	-	-	-	2,770,316	2,770,316
	-	**-**	**1,559,812,860**	**64,985,216**	**1,624,798,076**

2023	**Assets**		**Liabilities**		
Financial assets	**Amortised cost**	**Fair value through profit or loss**	**Amortised cost**	**Fair value through profit or loss**	**Total carrying amount**
	R	**R**	**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 excl. prepayments	55,253	-	-	-	55,253
Derivative asset	-	10,848,277	-	-	10,848,277
	1,469,017,372	**10,848,277**	**-**	**-**	**1,479,865,649**

2023	**Assets**		**Liabilities**		
Financial liabilities	**Amortised cost**	**Fair value through profit or loss**	**Amortised cost**	**Fair value through profit or loss**	**Total carrying amount**
	R	**R**	**R**	**R**	**R**
Trade and other payables	-	-	4,663,043	-	4,663,043
Interest bearing liabilities *	-	-	1,385,108,574	61,861,653	1,446,970,227
Derivative liability	-	-	-	9,367,629	9,367,629
	-	**-**	**1,389,771,617**	**71,229,282**	**1,461,000,899**

*In the signed financials for 2023 the amount of R61.8m linked to the Class A9 note was incorrectly disclosed as at amortised cost instead of an interest bearing liability held at fair value but was correctly accounted for on the face of the balance sheet.

4.3.2 Fair value estimation

A number of the Group's accounting policies and disclosures require the measurement of fair values. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The table below presents the group's assets and liabilities that are measured at fair value. The classification into different levels is based on the extent that quoted prices are used in the calculation of fair value and the levels have been defined as below:

- Level 1: fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

2024

Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	R	**R**	**R**	**R**
Derivative assets	-	3,955,658	-	3,955,658
	-	**3,955,658**	**-**	**3,955,658**
Financial liabilities				**-**
Interest bearing borrowings held at fair value	-	-	62,214,900	62,214,900
Derivative liabilities	-	2,770,316	-	2,770,316
	-	**2,770,316**	**62,214,900**	**64,985,216**

2023

Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	R	**R**	**R**	**R**
Derivative assets	-	10,848,277	-	10,848,277
	-	**10,848,277**	**-**	**10,848,277**
Financial liabilities				**-**
Interest bearing borrowings held at fair value*	-	-	61,861,653	61,861,653
Derivative liabilities	-	9,367,629	-	9,367,629
	-	**9,367,629**	**61,861,653**	**71,229,282**

*In the signed financials for 2023 the amount of R61.8m linked to the Class A9 note was incorrectly disclosed as at amortised cost instead of an interest bearing liability held at fair value and therefore was not disclosed as a level 3 financial liability instrument.

Valuations methods and assumptions

The following methods and assumptions were used to estimate the respective fair values:

Derivatives – the Company enters into derivative financial instruments with various counterparties. Interest rate swaps, are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include expected cashflows and Net Present Value. The models incorporate various inputs including interest rate curves and discount factor curves.

Interest bearing liabilities held at fair value - The company issued a fixed interest rate Note to investors. The Note is valued using Net Present Value calculation based on a discount factor curve to present value the expected cash flows.

Reconciliation of level 3 financial assets

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

	2024	2023*
	R	R
Opening balance	**61,861,653**	**-**
Addition	-	60,000,000
Interest	6,157,825	1,817,063
Fair value adjustments (recognised in profit or loss)	(151,493)	44,590
Repayments	(5,653,085)	-
	62,214,900	**61,861,653**

*In the signed financials for 2023 the amount of R61.8m linked to the Class A9 note was incorrectly disclosed as at amortised cost instead of an interest bearing liability held at fair value and therefore was not disclosed as a level 3 financial liability instrument nor was the accompanying reconciliation disclosed.

Sensitivity for interest bearing borrowings.

Urban Ubomi 1 issued Fixed Rate notes as part of the Dec 2022 tap issuance. The A9 notes are priced at 10.24%, with a coupon step up date of 15 May 2026 and final maturity of 15 May 2043. The effect of changes in the discount rate are shown below:

Refer to Note 8 for more details regarding derivatives.

2024

Liabilities	Significant unobservable input	Change in Significant unobservable input	Effect on Carrying value: Upturn	Effect on Carrying value: Downturn
			R	R
Interest bearing borrowings	Discount rate	From (1%) to 1%	(63,027,984)	(61,415,231)

2023

Liabilities	Significant unobservable input	Change in Significant unobservable input	Effect on Carrying value: Upturn	Effect on Carrying value: Downturn
			R	R
Interest bearing borrowings	Discount rate	From (1%) to 1%	(63,062,430)	(60,692,339)

*In the signed financials for 2023 the amount of R61.8m linked to the Class A9 note was incorrectly disclosed as at amortised cost instead of an interest bearing liability held at fair value and therefore was not disclosed as a level 3 financial liability instrument nor was the accompanying sensitivity disclosed.

4.3.3 Liquidity risk

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

The company is bankruptcy remote and self-liquidating and manages the payment of interest and repayment of principal by way of priority of payment waterfall.

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 2024	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total contractual cash flows	Carrying value
	R	R	R	R	R	R
Trade and other payables	5,834,627	-	-	-	5,834,627	5,834,627
Interest bearing liabilities	226,232,897	454,780,842	218,568,448	1,078,250,509	1,977,832,696	1,616,193,133
Derivative liability	-	-	-	2,770,316	2,770,316	2,770,316
	232,067,524	**454,780,842**	**218,568,448**	**1,081,020,825**	**1,986,437,639**	**1,624,798,076**

At 31 March 2023	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total contractual cash flows	Carrying value
	R	R	R	R	R	R
Trade and other payables	4,663,043	-	-	-	4,663,043	4,663,043
Interest bearing liabilities	192,905,830	455,284,686	208,349,263	1,009,616,448	1,866,156,227	1,446,970,227
Derivative liability	-	-	-	9,367,629	9,367,629	9,367,629
	197,568,873	**455,284,686**	**208,349,263**	**1,018,984,077**	**1,880,186,899**	**1,461,000,899**

4.3.4 Interest rate risk

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

The board of the Servicer is responsible for the management of the interest rate risk of the group. The function of managing interest rate risk is executed through the Servicer's Assets and Liabilities Committee (ALCO), renamed the Risk and Capital Management Committee “GRCMC” a sub-committee of the Servicer's board.

The company is exposed to cash flow interest rate risk on both loans and advances and interest bearing liabilities that are linked to the prime rate, 3-month JIBAR or CPI.

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

- Basis risk: Whilst some of the company’s assets are linked to the prime interest rate, liabilities comprise of facilities linked to the prime rate, JIBAR and CPI. In order to manage this risk, the company may decide to enter into interest rate swaps if it deems it necessary. Loans and advances have been linked to JIBAR going forward since 2020.
- Repricing risk: A small portion of the liabilities are priced at fixed rates. The company may decide to enter into fixed/floating rate swaps if it deems the repricing risk to be significant.

The market risk exposure relates to the potential adverse effect of interest rate movements on net interest income. At 31 March 2024 if interest rates on net borrowings and advances had been 1% higher with all other variables held constant, the pre-tax profit for the year would have been (R214,177) (2023: R270,186) lower , mainly as a result of higher net interest earned on variable rate borrowings and advances. If interest rates on net borrowings and advances had been 1% lower with all other variables held constant, the pre-tax profit for the year would have been R214,177 (2023:(R270,186) higher.

4.3.5 Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for another party by failing to discharge an obligation. The credit risk that the company faces arises mainly from commercial loans and advances. The company has policies, procedures and processes dedicated to controlling and monitoring risk from all such activities.

While credit exposures principally arise on loans and advances, the company can be exposed to other credit risks. These risks are managed in a similar way to credit risk associated with loans and advances and are subject to the same or similar approval and governance processes.

The granting of credit is one of the company's major sources of income and is therefore one of the most significant risks, as such the company dedicates considerable resources to controlling it effectively. A system-based loan workflow process is used to facilitate the loan approval process. The granting of credit is considered on a project-by-project basis and various hurdle rates are considered in terms of our loan and credit policy. Advances are subject to a risk rating evaluation that takes into consideration inter alia the overall risk profile, collateral cover, payment record, past experiences, customers' co-operation in abiding by loan conditions and the economic climate.

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

Financial instrument	**2024**	**2023**
	R	**R**
Cash and cash equivalents	142,690,188	81,845,965
Gross loans and advances	1,530,761,664	1,398,440,048
Trade and other receivables excl. prepayments	628,923	55,253
Derivative asset	3,955,658	10,848,277
	1,678,036,433	**1,491,189,543**

Expected credit loss – loans and advances

2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	R	**R**	**R**	**R**
Gross Loans	1,382,471,640	144,305,194	3,984,830	1,530,761,664
Total Expected Credit loss balance	(4,331,690)	(4,953,614)	(663,937)	(9,949,241)
Net Advances	**1,378,139,950**	**139,351,580**	**3,320,893**	**1,520,812,423**
Collateral	**2,514,593,971**	**233,298,228**	**7,062,430**	**2,754,954,629**

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	R	**R**	**R**	**R**
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**
Collateral	**2,056,115,506**	**393,655,548**	**41,895,266**	**2,491,666,320**

A summary of the assumptions underpinning the company's expected credit loss model for loans and advances is as follows.

IFRS 9 requires entities to recognise ECL based on a stage allocation methodology, with such categorisation informing the level of provisioning required. The calculation of ECL incorporates 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. The discount rate used in the ECL calculation is the original effective interest rate.

Stage allocation

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 Stage 2 have their ECL measured based on expected credit losses on a lifetime basis. SICR is primarily determined through the watchlist process whereby the financial performance of the counterparties are discussed. In addition, the status of the construction of ongoing projects is taken into account and as well as qualitative factors such as financial distress, significant change in collateral value or significant adverse changes in business, financial or economic status.

Stage 3: If the loan is in default, the financial instrument is then moved to "Stage 3". Loans in Stage 3 have their ECL measured based on expected credit losses on a lifetime basis. Default, which triggers the credit impaired classification (stage 3), is based on the group's internal credit risk management approach and definitions and occurs at the earlier of 90 days or when group considers it unlikely that the counterparty will pay amounts due.

Forward-looking information

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.

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. A financial asset is written off at the point of write-off i.e., 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

The company continuously monitors whether the conditions that led to a financial asset being considered to be credit impaired (i.e. stage 3) still exist.

Qualitative factors include compliance with covenants and compliance with existing financial asset terms and conditions. Where it has been determined that a financial asset no longer meets the criteria for SICR, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively.

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

Effective interest rate method

Interest income is calculated using the effective interest method, and is included in profit or loss in interest income (note: 13)

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan purchased was not originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)) in the determination of interest income. 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.

Unrecognised interest on previously credit-impaired loans, being the difference between the interest calculated on the gross carrying amount of the loan and the net interest recognised based on the net carrying amount of the loan (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)) during the period that the loan is credit-impaired, is recognised as a credit to the Expected credit losses income statement line item rather than through Interest income when cured.

Other fees earned, such as penalty fees on late payment of instalments and early settlement penalty amounts, that accrue to the company are regonised on an ongoing basis in other operating income (note: 16).

Expected credit losses

2024	Stage 1	Stage 2	Stage 3	Total
	R	R	R	R
Opening balance at 1 April 2023	**3,451,572**	**7,872,322**	**-**	**11,323,894**
ECL movement in the current year	544,687	1,744,063	663,937	2,952,687
Change in ECL due to derecognition	(322,463)	(4,004,877)	-	(4,327,340)
Net impairments raised/(released) through profit or loss	**222,224**	**(2,260,814)**	**663,937**	**(1,374,653)**
Transfer of ECL between stages	657,894	(657,894)	-	-
Net transfer of ECL between stages	**657,894**	**(657,894)**	**-**	**-**
Impaired accounts written off against ECL provisions	-	-	-	-
Total Expected Credit loss balance	**4,331,690**	**4,953,614**	**663,937**	**9,949,241**

IFRS9 movement breakdown 2024

2024	Stage 1	Stage 2	Stage 3
Number of loans per stage	215	21	3
Number of loans originated or acquired	42	2	-
Number of loans settled or disposed	23	13	5
Gross advances per stage as % of total gross advances	90.3%	9.4%	0.3%
ECL per stage as % of total ECL	44%	50%	7%

2024	Stage 1	Stage 2	Stage 3
Year on year movement in number of loans per stage	18	(9)	(6)
Year on year movement in gross advances per stage amount	R228,926,100	(R81,447,128)	(R15,157,356)
Year on year Movement in gross advances per stage as % of total gross advances	9%	(42%)	(81%)
Year on year movement of total ECL per stage	R880,118	(R2,918,708)	R663,937
Year on year movement in ECL per stage as % of total ECL	43%	(28%)	100%

For 2024 the movement in gross advances and total Expected Credit Loss is attributed to:

- Sale of non-performing loan (NPL) in stage 2 and 3 to Vuselela Warehouse which led to an 8% decrease in gross advances in stage 2 and 3 and a decrease of 13% in ECL held for stage 2 and 3 loans.
- Purchase of stage 1 loans during the current year led to a 9% increase in gross advances and a 43% increase in ECL held for stage 1 loans

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 of ECL between 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 provisions	-	-	-	-
Total Expected Credit loss balance	**3,451,572**	**7,872,322**	**-**	**11,323,894**

IFRS 9 movement breakdown 2023

2023	Stage 1	Stage 2	Stage 3
Number of loans per stage	197	30	9
Number of loans originated or acquired	68	10	1
Number of loans settled or disposed	13	5	1
Gross advances per stage as % of total gross advances	82%	16%	1%
ECL per stage as % of total ECL	30%	70%	0%
Year on year movement in number of loans per stage	36	17	7
Year on year movement in gross advances per stage amount	R103,825,087	R190,041,623	R7,947,994
Year on year Movement in gross advances per stage as % of total gross advances	(14%)	396%	34%
Year on year movement of total ECL per stage	R1,982,469	(R5,765,665)	R1,019,294
Year on year movement in ECL per stage as % of total ECL	(52%)	182%	(100%)

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.

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 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.

Renegotiated terms

None of the financial assets have been renegotiated in the last year. Funds receivable are first applied to any past due amounts, which in consistent with prior year.

Credit quality and concentration of other financial assets

Geographical analysis per stage

2024	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Western Cape	Total
	R	R	R	R	R	R
Stage 1	202,769,267	39,359,870	809,910,371	315,881,456	14,550,676	1,382,471,640
Stage 2	3,007,580	5,131,019	136,166,595	-	-	144,305,194
Stage 3	524,539	-	3,460,291	-	-	3,984,830
	206,301,386	**44,490,889**	**949,537,257**	**315,881,456**	**14,550,676**	**1,530,761,664**

2023	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Western Cape	Total
	R	R	R	R	R	R
Stage 1	195,944,578	44,106,722	647,070,037	234,434,190	31,990,013	1,153,545,540
Stage 2	7,702,609	-	152,344,195	30,063,266	35,642,253	225,752,323
Stage 3	12,212,484	-	6,929,701	-	-	19,142,185
	215,859,671	**44,106,722**	**806,343,933**	**264,497,456**	**67,632,266**	**1,398,440,048**

Expected credit loss – loan commitments

	2024		2023	
Loan stage	Commitment amount	ECL raised	Commitment amount	ECL raised
	R	R	R	R
Stage 1	2,211,528	-	10,131,197	44,272
Stage 2	-	-	-	-
Stage 3	-	-	-	-
	2,211,528	**-**	**10,131,197**	**44,272**

Commitments on Loans and advances

As at 31 March 2024, the company have total unpaid commitments of R86 million (2023: R74 million). The commitments are contractual but not irrevocable as several conditions must be met to Lender's satisfaction before funds are paid. Furthermore, it is a condition of the client’s loan that funds must be used within 12 months of the loan start date, and this reduces the commitments to R2.2 million (2023: R10.1 million).

5. 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.

	2024	2023
	R	R
Bank balances	142,690,188	81,845,965
	142,690,188	**81,845,965**

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

Credit quality of cash at bank

The credit risk of cash at bank can be assessed by reference to external credit ratings. Management considers the expected credit loss on cash at bank to be immaterial.

Credit rating	2024	2023
	R	R
Standard Bank of South Africa Limited (AA+)	142,690,188	81,845,965
	142,690,188	**81,845,965**

Financial Assets:

Classification

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

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

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

Derivative and hedge accounting

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. Subsequent changes in the fair value of derivative instruments are recognised in profit or loss and are included in other operating gains/(losses) (note 17).

The company has designated certain derivatives as hedges of the fair value of recognised liabilities (fair value hedges). At inception of the hedge relationship, the company documents its risk management objective and strategy for undertaking its hedge transactions, the economic relationship between hedging instruments and hedged items, and whether changes in the fair values of the hedging instruments are expected to offset changes in the fair values of the hedged items. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 8.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges, together with any changes in the fair value of the hedged item that are attributable to the hedged risk, are recorded in profit or loss within other operating gains (losses) (note 17).

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

6. Loans and advances

	2024	2023
	R	R
Loans and advances	1,530,761,664	1,398,440,048
Expected credit losses	(9,949,241)	(11,323,894)
	1,520,812,423	**1,387,116,154**

The carrying value of loans and advances approximates fair value.

The following methods and assumptions were used to estimate the respective fair value:

Loans and advances: The fair value is calculated on a discounted cash flow basis with future cash flows expected over the weighted average remaining lives of loans and advances discounted using a market related interest rate on the advances. This market related interest rate is calculated with reference to current market interest rate for new loan advances.

Maturity analysis	2024	2023
	R	R
Within 1 year	59,199,002	53,538,024
Within 2 to 3 years	243,293,154	220,214,365
Within 4 to 5 years	207,014,987	175,147,154
Within 6 to 10 years	730,433,712	618,524,016
Within 11 to 15 years	290,820,809	331,016,489
	1,530,761,664	**1,398,440,048**

7. Trade and other receivables

Financial instruments:	2024	2023
	R	R
Other receivables (related parties) *	16,091	55,253
Other receivables	612,832	-
Non-financial instruments:		
Prepaid expenses	2,426	2,409
	631,349	**57,662**

Amounts receivable are all current. Trade and other receivables are regarded as having a low probability of default and therefore the related expected credit loss is insignificant.

*The amounts due/(owed) arises from the ordinary course of business for Urban Ubomi 1 RF due to timing differences.

The carrying value of trade and other receivables approximates fair value as these are short term in nature and not subject to material changes in credit risk and fair value.

8. Derivatives

Hedging instruments

2024	Nominal amount	Carrying amount derivative assets	Carrying amount derivative liabilities	Changes in fair value used for calculating hedge ineffectiveness
	R	R	R	R
Derivatives not designated in hedge accounted relationships				
Basis swaps*	716,288,607	2,701,111	-	
Basis swaps*	(716,288,607)	-	2,770,316	
Derivatives designated in fair value hedging relationships				
Interest rate risk				
Interest rate swaps **	60,000,000	1,254,547	-	(407,128)
	60,000,000	**3,955,658**	**2,770,316**	**(407,128)**

2023	Nominal amount	Carrying amount derivative assets	Carrying amount derivative liabilities	Changes in fair value used for calculating hedge ineffectiveness
	R	R	R	R
Derivatives not designated in hedge accounted relationships				
Interest rate risk				
Basis swaps *	(704,886,477)		9,367,629	
Basis swaps *	704,886,477	9,607,638		
Derivatives designated in fair value hedging relationships				
Interest rate risk				
Interest rate swaps**	60,000,000	1,240,639		137,782
	60,000,000	**10,848,277**	**9,367,629**	**137,782**

This note replaces disclosure notes 9 and 14 as presented in the signed annual financial statements 31 March 2023. The changes to the disclosure note was incorporated in order to improve the presentation and explanation of the derivatives entered into by the company.

*Basis swaps are entered into to manage basis risk (i.e. Jibar vs Prime) between floating rate assets and liabilities within certain structured entities. The risk is however not considered to be significant from a group perspective and derivative positions are therefore netted out to the extent possible. The swaps mature on 15 May 2043, and the swap is balance guaranteed, i.e. the nominal value will automatically reset to zero on the coupon step-up date, which currently is May 2026.

**Interest rate swaps are entered into to swap interest cash flows payable on fixed rate borrowing to JIBAR-linked cash flows. The swap matures on 15 May 2026.

Hedging items

2024	Carrying amount	Accumulated amount of fair value hedge adjustments	Change in value used for calculating hedge ineffectiveness
	R	R	R
Fair value hedges			
Interest rate risk			
Interest bearing liabilities – fixed rate	62,214,900	(106,903)	151,493
	62,214,900	**(106,903)**	**151,493**

2023	Carrying amount	Accumulated amount of fair value hedge adjustments	Change in value used for calculating hedge ineffectiveness
	R	R	R
Fair value hedges			
Interest rate risk			
Interest bearing liabilities – fixed rate	61,861,654	44,590	(44,590)
	61,861,654	**44,590**	**(44,590)**

In order to reduce the basis risk arising from the interest rate exposures on assets and liabilities, the company has entered into interest rate swaps to convert certain fixed interest rate, inflation-linked or prime-linked debt exposures to JIBAR-linked exposures. Derivatives are only used for economic hedging purposes and not for speculative purposes. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss.

Fair value hedge accounting

The company enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. As the critical terms were similar during the year, an economic relationship existed. The hedge ratio is 1:1 due to the matching of the notional amounts.

Hedge ineffectiveness may arise due to:

- the impact of the credit risk adjustment on the interest rate swaps which is not matched by the loan,
- the impact of the designation date fair value on the hedging instrument, and
- differences in any of the critical terms between the hedged items and hedging instruments.

A loss of R255,635 (2023: gain of R93,191) was recognised for the period due to hedge ineffectiveness within other operating gains/(losses).

The floating interest rate on the interest rate swap designated for hedge accounting amounts to JIBAR + 2.205% and matures on 15 May 2026.

9. Deferred tax

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

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

Deferred tax asset

The balance comprises temporary differences attributable to:	**2024**	**2023**
	R	**R**
Expected credit losses	1,787,210	1,974,259
Fair value of derivatives	62,545	-
Total deferred tax asset	**1,849,755**	**1,974,259**

9**Deferred tax liability**

The balance comprises temporary differences attributable to:	**2024**	**2023**
	R	**R**
Fair value of derivatives	-	(89,964)
Prepaid expenses	(655)	(650)
Total deferred tax liability	**(655)**	**(90,614)**

Net deferred tax asset

	2024	**2023**
	R	**R**
Deferred tax asset	1,849,755	1,974,259
Deferred tax liability	(655)	(90,614)
Total net deferred tax asset	**1,849,100**	**1,883,645**

Reconciliation of deferred tax asset / (liability)	**2024**	**2023**
	R	**R**
At beginning of year	**1,883,645**	**1,587,894**
Expected credit losses	(187,049)	367,462
Fair value of derivatives	152,509	(71,061)
Prepaid expenses	(5)	(650)
	1,849,100	**1,883,645**

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

10. Share capital

Ordinary shares are classified as equity.

	Number of shares	
Authorised	**2024**	**2023**
100 Ordinary shares of R1 each	100	100
1 Preference share of R0.01 each	1	1

Unissued shares

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	2024 R	2023 R
Ordinary shares*	100	100
Preference shares**	-	-
	100	**100**

The preference share amount is less than R1.

*The ordinary share held by the owner trust enables independent governance of the structure. The company is a controlled entity and therefore the information is consolidated into the results of the Servicer, TUHF Limited.
**The preference share held by the Servicer and Administrator entitles the holder to receive a dividend as well as the final distribution of profits at step-up date.

Financial Liabilities

Classification

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

IFRS 9 introduced requirements for the classification and measurement of financial 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 amortised cost or at fair value through other comprehensive income.

11. 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. Related party creditors are obligations that arise due to timing differences in the ordinary course of business from related group companies.

Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

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

Financial instruments:	2024	2023
	R	R
Trade payables	392,566	481,600
Other payables (related parties) *	5,442,061	4,181,443
	5,834,627	**4,663,043**

The balance at year end is considered current.

*The amounts due/(owed) arises from the ordinary course of business for Urban Ubomi 1 RF due to timing differences.

12. Financial liabilities

	2024		2023			
Held at amortised cost:	**Carrying value**	**Interest payment**	**Carrying value**	**Interest payment**	**Capital advanced**	**Interest rate: 3-month JIBAR plus**
	R	R	R	R	R	
Class A1 Noteholders	79,789,963	(8,906,307)	108,928,737	(9,014,058)	202,000,000	1,55%
Class A2 Noteholders	313,115,050	(31,764,844)	312,676,253	(23,077,830)	309,000,000	2,20%
Class A4 Noteholders	15,009,100	(1,701,229)	20,490,248	(1,736,612)	27,000,000	1,70%
Class A5 Noteholders	286,822,299	(29,516,574)	286,419,260	(21,604,685)	283,000,000	2,35%
Class A7 Noteholders:	96,819,415	(10,751,496)	132,177,403	(2,256,867)	150,000,000	1,50%
Class A8 Noteholders	136,848,879	(14,282,845)	136,656,062	(2,264,194)	135,000,000	2,50%
Class A10 Noteholders	41,474,123	(3,479,442)	-	-	50,000,000	1,70%
Class A11 Noteholders	136,823,358	(11,193,120)	-	-	135,000,000	2,35%
Class B Noteholders	224,071,826	(23,072,168)	193,377,936	(15,140,819)	221,000,000	2,50% - 2,75%
Class C Noteholders	65,996,190	(7,474,838)	55,763,582	(3,722,229)	65,000,000	3,70% - 4,00%
TUHF Limited Subordinated Loan	157,208,030	(27,096,996)	138,619,092	(20,184,420)	153,651,392	10%
	1,553,978,233	**(169,239,859)**	**1,385,108,573**	**(99,001,714)**	**1,730,651,392**	
Held at Fair value:						
Class A9 Noteholders	62,214,900	(5,653,085)	61,861,654	-	60,000,000	Fixed rate of 10.24%
	62,214,900	**(5,653,085)**	**61,861,654**	**-**	**60,000,000**	
	1,616,193,133	**(180,130,053)**	**1,446,970,227**	**(99,001,714)**	**1,790,651,392**	

Maturity dates:

Held at amortised cost:	**Final maturity date**	**Coupon Step up date**
Noteholders	May 2043	May 2026
TUHF Limited Subordinated Loan	May 2043	May 2026
Held at Fair value:		
Noteholders	May 2043	May 2026

The carrying amount of financial liabilities measured at amortised cost approximates the fair value.

The following methods and assumptions were used to estimate the respective fair values:

Interest bearing liabilities held at amortised cost: The fair value is calculated on a discounted cash flow basis with future cash flows discounted using market related credit yields on similar interest bearing structured credit facilities. These are not actively traded on the South African interest rate market and therefore the discount rates are not directly observable. As such credit spreads from recent facilities procured by the company are used to discount the projected cash flows payable under the respective facilities.

Maturity analysis

The structure has a coupon step up date of May 2026 and the intention is that the financial liabilities will be settled through external funding. The amount below discloses the undiscounted cashflows based on this assumption.

Expected cashflow	**2024**	**2023**
	R	**R**
Within 1 year	393,953,633	384,936,350
Within 1 to 3 years	1,558,158,392	390,347,077
Within 3 to 5 years	-	1,063,748,928
More than 5 years	-	-
Total expected cash flows	**1,952,112,025**	**1,839,032,355**

Maturity analysis - Legal Contractual

Refer to note 4.3.3 liquidity risk.

13. Interest income

Interest income is 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 and of allocating the interest income 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 assets, or when appropriate, a shorter period to the net carrying amount of the financial asset. 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.

Interest income	**2024**	**2023**
	R	**R**
Interest on loans and advances	234,499,293	148,545,394
Interest on bank accounts	7,313,863	3,826,684
Interest received- SARS	-	11,790
Interest received- fixed floating hedge	-	127,100
	241,813,156	**152,510,968**

14. Interest expenses

Interest 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 liability and of allocating the 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 liability, or when appropriate, a shorter period to the net carrying amount of the 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.

	2024	2023
	R	R
Interest on advances from related company	(27,685,935)	(20,862,015)
Interest on financial liabilities	(152,087,649)	(87,441,297)
Interest paid- SARS	(35,889)	(877,150)
Interest on derivatives	(96,810)	-
	(179,906,283)	**(109,180,462)**

15. Expected credit losses

IFRS 9 Impairments	**2024**	**2023**
	R	R
Stage 1	(222,224)	1,734,295
Stage 2	2,260,814	(5,569,436)
Stage 3	(663,937)	1,071,239
Total impairment (charge)/ release	**1,374,653**	**(2,763,902)**
Suspended interest	100,499	-
	1,475,152	**(2,763,902)**

16. Other operating income

Penalties

Penalties includes penalties charged on late payment of installments by clients as well as early prepayment penalties charged to clients that prematurely settle their loans.

	2024	2023
	R	R
Penalties	1,476,926	391,969
	1,476,926	**391,969**

17. Other operating (losses)/gains

Other operating gains and losses comprise of the aggregated total of the fair value gains and losses of financial instruments. Refer below for detail.

	2024	2023
	R	R
Fair value (loss)/gain on derivatives	(716,342)	307,780
Fair value gain/(loss) to interest bearing borrowing	151,493	(44,590)
	(564,849)	**263,190**

18. Operating expenses

	2024	2023
	R	R
Admin fee	(2,722,227)	(2,056,382)
Auditor's remuneration	(418,622)	(400,000)
Back up servicer	(172,500)	(172,500)
Directors' fees	(191,354)	(210,668)
Issuance fee	(287,500)	(115,000)

	2024	2023
	R	R
Rating fees	(466,900)	(289,800)
Secretarial fees	(89,566)	(89,532)
Servicing fee	(15,425,952)	(11,652,833)
Other expenses	(80,038)	(115,003)
Trustees fees	(35,261)	(36,792)
	(19,889,920)	**(15,138,510)**

19. Taxation

Tax expense

The tax expense for the period comprised of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. For those items tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

Current tax is the expected tax payable on taxable income for the year, using the tax rate enacted or substantively enacted at the reporting date. The normal South African company tax rate applied for the year ended 31 March 2024 is 27% (2023 27%). Management periodically evaluates the tax position taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax expense	**2024**	**2023**
	R	**R**
Current tax	(11,964,275)	(7,575,059)
	(11,964,275)	**(7,575,059)**
Deferred income tax		
Increase in deferred tax assets	152,509	367,462
Decrease in deferred tax assets	(187,049)	-
Increase in deferred tax liabilities	(5)	(71,712)
	(34,545)	**295,750**
Total tax expense	**(11,998,820)**	**(7,279,309)**

Reconciliation of the tax expense	**2024**	**2023**
	R	**R**
Profit before taxation	**44,404,182**	**26,083,253**
Tax at the applicable tax rate of 27% (2023: 27%)	11,989,129	7,042,478
Tax effect of adjustments on taxable income		
Non-deductible expenses	9,691	236,831
	11,998,820	**7,279,309**

20. Related parties

Related party type	**Related party**
Ultimate holding company	The Urban Ubomi 1 Issuer Owner Trust
Controlling entity	TUHF Limited
Consolidated in results of	TUHF Limited and TUHF Holdings Limited
Collection agency	Vuselela Collections SPV (RF) Proprietary Limited
Fellow controlled entity	Vuselela Warehouse SPV (RF) Proprietary Limited
Company Secretary	Quadridge Trust Services Proprietary Limited

Related party balances

Loan accounts - Owing (to) by related parties	2024 R	2023 R
TUHF Limited (Refer to note 12)	(157,208,031)	(138,619,092)
	(157,208,031)	**(138,619,092)**

Amounts included in (trade payable)/ trade receivables	2024 R	2023 R
Expenses paid by TUHF Limited on behalf of clients	(894,146)	(139,294)
Admin and servicing fee accrued to TUHF Limited	(4,522,117)	(4,042,149)
The Urban Ubomi 1 Security SPV Owners Trust	100	100
Vuselela Collections SPV (RF) Proprietary Limited	15,991	55,153
Vuselela Warehouse SPV (RF) Proprietary Limited	(25,798)	-
	(5,425,970)	**(4,126,190)**

Related party transactions

TUHF Limited	2024 R	2023 R
Interest expense	27,096,996	20,862,015
Admin fee expense	2,650,232	2,056,382
Servicing fee expense	15,017,979	11,652,833
	44,765,207	**34,571,230**

21. Director's emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the period. However an amount of R191,354 (2023 R223,264) was incurred to Quadridge Trust services in this financial year for independent directors services provided as part of their service agreement for the structure.

22. 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.