TUHF21 NPC
(Registration number 1993/000217/08)
Annual financial statements
for the year ended 31 March 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The main business of the company is to invest in subsidiary companies whose main business is to provide commercial property finance in the form of bridging, equity finance and long term loans secured by mortgage collateral and other financial products to finance entrepreneurs and landlords for the purchase, construction and improvement of property for the purpose of the regeneration of South African inner city precincts and surrounding suburbs showing indications of decline where the primary objective is the supplying of housing and associated commercial property for rental stock.
Directors	SS Moraba T Adler C Coovadia PGN Jackson JK Mamatela JS Strelitz IL Roodt LN Netshitenzhe
Business address	12th Floor, West Wing Libridge Building 25 Ameshoff Street Braamfontein 2001
Postal address	PO Box 30872 Braamfontein 2017
Bankers	The Standard Bank of South Africa Limited
Auditor	Deloitte & Touche
Secretary	Kilgetty Statutory Services Proprietary Limited
Company registration number	1993/000217/08
Preparer	The annual financial statements were internally compiled by: Lutic Mosoane BAP (SA) – Winsome Africa under the direction and review of Imke Kruger CIMA (SA) following the detailed workings provided, including a company working file for disclosure. A second technical review of the financial statements was performed by PricewaterhouseCoopers Inc. and an overall review was performed by the CFO Ilona Roodt, CA (SA).
Issued	6 December 2022
NCR number	NCRCP1709
Internet address	www.tuhf.co.za info@tuhf.co.za

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Directors' Responsibilities and Approval

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

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

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

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

The directors have reviewed the group’s cash flow forecast for the year to 31 March 2023 and, in light of this review and the current financial position, they are satisfied that the group has 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 group's financial statements. The financial statements have been examined by the group's external auditor and their report is presented on pages 9 to 15.

The directors' report on pages 5 to 8 and annual financial statements set out on pages 16 to 84, which have been prepared on the going concern basis, were approved by the board of directors on 6 December 2022 and were signed on their behalf by:

T Adler	**LN Netshitenzhe**

6 December 2022

Company Secretary's Certification

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

M.P. Wray

Matthew Wray for and on behalf of Kilgetty Statutory Services (Pty) Ltd
Johannesburg
6 December 2022

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of TUHF21 NPC and it's subsidiaries for the year ended 31 March 2022.

1. Incorporation

The company was incorporated in South Africa on 18 January 1993 and obtained its certificate to commence business on the same day.

2. Nature of business

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

TUHF21 NPC and the group operates in a very narrow segment of funding. There are no clearly distinguishable segments within the business. As such no segmental information has been provided.

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

3. Review of financial results and activities

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

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

4. Conditional share plan

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

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

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

A new issuance under the Conditional Share Plan was approved by the Board in 2019. Shares will vest over the next three years from 2022. By arrangement, the first round of shares for the CEO have vested in 2022, the rest of shares will vest in 2023.

As at 31 March		
-Total shares vested to date	4 056 516	2 668 297
-Treasury shares held by TUHF Limited	712 747	1 997 621

Directors' Report

5. Directorate

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

Directors	Designation
SS Moraba	Non-executive
T Adler	Non-executive
C Coovadia	Non-executive
PGN Jackson	Executive
JK Mamatela	Non-executive
JS Strelitz	Non-executive
IL Roodt	Executive
LN Netshitenzhe	Executive

6. Special resolutions

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

7. Funding

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

A second securitisation structure was implemented in March 2021, whereby the group raised an additional R 609 million in funding through the capital markets. This raised over R 100 million in funding for the company and enabled the balance of the proceeds of R 509 million to be applied to the revolving facility with Standard Bank. This complied with the requirements of the facility to allow for the facility availability period to be extended for a further 12 months, with the total facility at R 700 million.

TUHF Limited is the originator in this capital market scheme and retains the role of servicer and administrator. The issuer, Urban Ubomi 1 (RF) Limited is a bankruptcy remote company, independently owned by the Urban Ubomi 1 Issuer Owner Trust. The senior revolving facility for R 700 million approved by Standard Bank of South Africa in January 2020 uses the funding to acquire assets from TUHF Limited. TUHF Limited is the originator in this capital market scheme and retains the role of servicer and administrator. Vuselela Warehouse SPV (RF) Proprietary Limited is a bankruptcy remote company, independently owned by the Vuselela Warehouse Owner Trust. At the end of March 2022, R 400 million of the facility was repaid enabling the facility to remain active with R 587 million available.

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

8. Support programme for social housing

The Company continues to act as agent for and on behalf of the National Housing Finance Corporation SOC Limited and its representative in respect of a social housing programme funding in the sum of R 23.1 million originated from the Commission of the European Community.

9. Equity funding

Supporting emerging entrepreneurs who qualify for debt support in the form of variable interest subordinated loans continues to remain one of the principles of the Company’s lending approach.

10. Members' funds

The Company is a non-profit company and there are no members’ funds vested.

In terms of the Memorandum of Incorporation, each member of the Company guarantees to contribute the sum of R1 (one) in the event of the Company being wound up. At the reporting date the guarantee value amounted to R8 (2020: R8).

Directors' Report

11. Subsidiary companies

Information regarding the Company's interest in companies whose business is to provide commercial property finance to entrepreneurs and landlords for the purchase of property for the purpose of the regeneration of South African inner cities can be found under note 13.

12. Borrowing powers

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

Debt capital (interest bearing debt/ interest bearing debt plus capital and reserves) of the Group must be 90% or below. For the current year debt capital was 85% (2021: 85%).

TUHF Limited issued listed notes on the JSE Limited amounting to R 280 million in January 2017. TUHF Holdings is the guarantor in this structure. The issued notes are secured by loan assets with a book value of R 330 million and an underlying collateral value of approximately R 412 million. The notes were re-issued for a further period in January 2020 with a maturity date of 24 October 2024 but were delisted on 26 July 2021.

The pool covenants achieved on issue date and at year end:
- Loan to value ratio of 67.5%
- Concentration of top 5 assets < 35%
- Pool and Group debt service coverage ratio 1.1 x

The covenants applicable to the TUHF Holdings group
- Debt service cover ratio 1.1 x – achieved 1.1 x actual
- Interest cover ratio 1.1 x – achieved 1.2 x actual
- Bad debts written off < 5% - achieved, 2.4%
- Loans with arrears < 10% - not achieved (21.86% TUHF Limited company : 14.16 TUHF Limited group)
- Gearing < 90% - achieved 85%
- Risk Weighted Capital adequacy (15% - 20%) - achieved 22%

Performance measures including a minimum Cost to Income Ratio and Return on Equity, were under pressure in the current operating environment but will be a focus of the group into 2023.

Following discussions with the Listed Note investor, an approval to delist the note was received and was submitted to STRATE and the JSE on 26 July 2021. The investor does not require a listed instrument and the Group has access to the capital markets through its securitisation programme. The DMTN Programme Memorandum allows for both listed and unlisted notes and consequently the programme has been removed from the JSE in its entirely, and the JSE has confirmed that the debt listing requirements no longer apply to TUHF Limited or to TUHF Holdings Limited.

The investor has condoned the breach in covenants for the period 1 April 2021 to 31 March 2022.

The funder covenants for all bilateral funders and the Domestic Medium-Term Note Programme are under review. The loans with arrears covenant will be revised and replaced with a more appropriate covenant that will require funder consent and recontracting. The covenants will be based on the Basel III framework and include Common Equity Tier I ratio, Total Tier II ratio, the Combined Capital Adequacy ratio, and the Net Stable Funding ratio. All the Basel III liquidity ratios were considered as part of the covenants review. However, the Liquidity Coverage ratio was deemed to be inappropriate as TUHF is not a deposit taking institution. The Net Stable Funding ratio is considered sufficient to reflect TUHF's funding mismatch.

The funding structure of the Group has changed over the past three years and the role of TUHF Limited is evolving. TUHF Limited originates new loan assets, and a separate warehouse holds loan assets for securitisation. Management estimate that up to 70% of the group funding requirements will in future be sourced through the capital markets. The proposed covenants were approved by the Board on 2 June 2022 and discussions with funders continue but are expected to be concluded by 30 September 2022.

A written condonation was obtained from all investors including Ashburton Investments, Futuregrowth Asset Management, National Housing Finance Corporation SOC Limited (NHFC), NOVO Impact NPC, Public Investment Corporation (PIC), Mergence Investment Managers and Nedbank Limited SA for the condonation of the loans with arrears covenant being above covenant level for the duration of the financial year, 1 April 2021 to 31 March 2022.

Directors' Report

The investors Mergence Investment Managers, Development Bank of Southern Africa and Small Enterprise Finance Agency did not need to provide a condonation as the covenant does not apply to their facilities.

The group has three structured finance transactions, two of which are listed, being Urban Ubomi 1 (RF) Limited and TUHF Urban Finance (RF) Limited. The third is Vuselela Warehouse SPV (RF) Proprietary Limited , a senior and subordinated revolving facility used to acquire qualifiying assets for securitisation. No covenants were breached in the structured finance transactions.

13. Management agreement

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

In providing management and administrative services TUHF Limited will be subject to instructions from the board, to the Company’s Memorandums of Incorporation and be required to safeguard, at all times, the interests of the Company when implementing the obligations and duties set out in the management agreement.

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

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

14. Non-controlling shareholders share of reserves

The amount reflected on the statement of financial position as the portion attributable to non-controlling shareholders is stated assuming that the Group is a going concern. On liquidation it is noted that the portion of the non-distributable reserves would be available to all shareholders.

15. Secretary

The company secretary is Kilgetty Statutory Services Proprietary Limited.

16. Auditors

Deloitte & Touche have been appointed in office as auditors for the company and its subsidiaries for 2022.

At the AGM, the members will be requested to reappoint Deloitte & Touche as the independent external auditors of the company and to confirm Stephen Munro as the designated lead audit partner for the 2023 financial year.

17. Events after the reporting period

The Standard Bank senior revolving facility was increased to R1 billion on 11 May 2022 following 2 years of compliance with the facility requirements and the successfully revolution of the facility.

The cumulative redeemable preference shares in TUHF Holdings was fully repaid in June 2022.

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

18. Going concern

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 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.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholder of TUHF21 NPC Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of TUHF21 NPC (the Group and Company) set out on pages 16 to 84, which comprise the consolidated and separate statement of financial position as at 31 March 2022, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of TUHF21 NPC and its subsidiaries as at 31 March 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Key Audit Matters

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

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><th colspan="2">Expected Credit Losses on loans and advances</th></tr>
<tr><td>IFRS 9: Financial Instruments requires the recognition of expected credit losses ("ECL") on all financial assets within the scope of its impairment model. 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.

The estimation of credit losses is inherently uncertain and the subject of significant judgment by management. Models used to determine the credit provisions can be complex, and inputs used may not be fully observable.

The key areas of significant judgement applied by management in the ECL calculations include the following:
• The evaluation of significant increase in credit risk ("SICR") and the resultant staging of the loans as stage 1, 2 or 3 in accordance with the requirements of IFRS 9;
• Incorporating macro-economic inputs and forward-looking information into the assessment and ECL measurement;
• Input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the ECL measurement; and
• The valuation of collateral.</td><td>To address the KAM we completed the following audit procedures:
• We identified, obtained an understanding of, and tested the design and implementation of relevant controls relating to the approval of the credit facilities, the governance processes in place around credit models, inputs and the collateral valuations; the credit forums where key judgements are considered, reviewed, challenged and approved and governance processes over out-of-model adjustments.

• In the evaluation of SICR and the resultant classification of the loans as stage 1,2 or 3 in accordance with the requirements of IFRS 9:
a) We selected a sample of exposures and assessed whether the stage classification of these exposures is appropriate in terms of the requirements of IFRS 9.
b) We inspected the minutes of the arrears and problematic project committee 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</td></tr>
</table>

Key Audit Matter	How the matter was addressed in the audit
	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. • 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 2022; d) Assessing how management have taken the macro economic factors and forward-looking information, considering market related data, including the impact of COVID 19, 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.

Key Audit Matter	How the matter was addressed in the audit
	• For a sample of properties held as collateral, we performed the following procedures to test the fair value of the collateral: a) Where external valuators were used, we assessed the competence, capabilities and the objectivity of the externally appointed valuation expert by assessing their accreditation and relevant experience; b) We benchmarked the capitalisation rates used to value the collateral against market related data; and c) We assessed the reasonability of the haircuts applied to the valuation of the property. • We assessed the adequacy of the disclosures in the consolidated and separate financial statements in accordance with IFRS 9.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "TUHF21 NPC Annual Financial Statements for the year ended 31 March 2022" which includes the Audit and Risk Committee Report, Directors' Responsibilities and Approvals, Company Secretary's Certification and the Directors' Report as required by the Companies Act of South Africa, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's reports thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte has been the auditor of TUHF21 NPC for 2 years.

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

15 December 2022

Statements of Financial Position as at 31 March 2022

		Group		Company	
Figures in Rand	Notes	2022	2021 Restated	2022	2021
Assets					
Cash and cash equivalents	6	210 315 658	149 997 884	9 635 748	8 062 838
Money market assets	7	12 083 387	11 294 777	-	-
Current tax receivable		3 317 598	9 343 286	39 510	268 953
Loans and advances	8	3 322 579 874	3 622 269 795	-	-
Other assets	9	45 664 311	44 936 298	24 176	313
Properties in possession	10	-	11 400 000	-	-
Investment properties	11	260 880 000	270 044 873	-	-
Loans to group companies and related parties	12	6 040 684	5 011 053	46 605 571	113 966 880
Investments in subsidiaries	13	-	-	114 665 958	26 333 534
Investments in joint ventures	15	4 560 543	3 684 430	-	-
Unlisted investments	16	22 036 080	24 967 606	-	-
Equipment	17	2 002 289	1 857 703	-	-
Right-of-use assets	18	13 687 370	14 623 490	-	-
Intangible assets	19	4 351 771	5 104 458	-	-
Deferred tax	20	100 399 923	90 093 506	543 132	705 838
Total assets		**4 007 919 488**	**4 264 629 159**	**171 514 095**	**149 338 356**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Retained income		121 023 116	114 908 784	44 657 873	49 478 524
Non-distributable reserves	21	268 337 124	243 129 211	110 837 365	85 629 452
Share based payment reserve	24	9 344 830	12 515 956	-	-
Equity development fund reserve		(2 858 748)	(2 998 107)	-	-
		395 846 322	367 555 844	155 495 238	135 107 976
Non-controlling interest		225 926 228	222 898 583	-	-
		621 772 550	**590 454 427**	**155 495 238**	**135 107 976**
Liabilities					
Lease liabilities	18	15 847 663	16 045 530	-	-
Loans from group companies	12	-	83 278	-	-
Trade and other payables	22	68 835 073	60 311 157	16 018 552	14 230 292
Financial liabilities	23	3 219 800 900	3 522 967 236	-	-
Current tax payable		3 518 887	2 195 873	-	-
Deferred tax	20	78 144 415	72 571 658	305	88
		3 386 146 938	**3 674 174 732**	**16 018 857**	**14 230 380**
Total Equity and Liabilities		**4 007 919 488**	**4 264 629 159**	**171 514 095**	**149 338 356**

Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand	Notes	2022	2021 Restated	2022	2021
Interest income	25	334 391 648	377 060 369	1 217 586	698 374
Interest expenses	26	(230 878 090)	(244 229 830)	(274 989)	(285 745)
Expected credit losses	27	15 266 308	8 059 451	2 015 412	(675 139)
Income from lending activities		**118 779 866**	**140 889 990**	**2 958 009**	**(262 510)**
Other operating income	28	31 227 210	11 052 403	1 501 500	1 501 500
Other operating gains (losses)	29	24 413 615	(16 373 796)	-	-
Other operating expenses	30	(163 689 259)	(123 936 297)	(9 117 237)	(567 331)
Operating profit (loss)	27	**10 731 432**	**11 632 300**	**(4 657 728)**	**671 659**
Investment income	32	1 517 482	1 477 453	-	-
Profit (loss) before taxation		**12 248 914**	**13 109 753**	**(4 657 728)**	**671 659**
Taxation	33	(7 742 822)	(12 396 562)	(162 923)	113 424
Profit (loss) for the year		**4 506 092**	**713 191**	**(4 820 651)**	**785 083**
Other comprehensive income		-	-	-	-
Total comprehensive income (loss) for the year		**4 506 092**	**713 191**	**(4 820 651)**	**785 083**
Profit (loss) attributable to:					
Owners of the parent		1 478 447	433 396	(4 820 651)	785 083
Non-controlling interest		3 027 645	279 795	-	-
		4 506 092	**713 191**	**(4 820 651)**	**785 083**
Total comprehensive income (loss) attributable to:					
Owners of the parent		1 478 447	433 396	(4 820 651)	785 083
Non-controlling interest		3 027 645	279 795	-	-
		4 506 092	**713 191**	**(4 820 651)**	**785 083**

Statements of Changes in Equity

Figures in Rand	Share based payment reserve	Equity development fund reserve	Non-distributable reserve	Total reserves	Owners' reserves	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Group								
Balance at 1 April 2020	**6 997 098**	**(1 556 585)**	**193 041 410**	**198 481 923**	**113 033 777**	**311 515 700**	**222 618 788**	**534 134 488**
Total comprehensive profit as previously reported	-	-	-	-	13 450 901	13 450 901	26 889 393	40 340 294
Restatement adjustment	-	-	-	-	(13 017 505)	(13 017 505)	(26 609 598)	(39 627 103)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**433 396**	**433 396**	**279 795**	**713 191**
Grant received from National Treasury Jobs Fund	-	-	27 582 860	27 582 860	-	27 582 860	-	27 582 860
Equity-settled share-based payment transactions	5 518 858	-	-	5 518 858	-	5 518 858	-	5 518 858
Intuthuko Equity Fund Proprietary Limited transfer of fund margin	-	(1 441 522)	-	(1 441 522)	1 441 522	-	-	-
Proceeds of share issue	-	-	-	-	100	100	-	100
Grant received from Oppenheimer Trust	-	-	22 504 941	22 504 941	-	22 504 941	-	22 504 941
Rounding correction	-	-	-	-	(11)	(11)	-	(11)
Total contributions by and distributions to owners of company recognised directly in equity	**5 518 858**	**(1 441 522)**	**50 087 801**	**54 165 137**	**1 441 611**	**55 606 748**	**-**	**55 606 748**
Balance at 1 April 2021	**12 515 956**	**(2 998 107)**	**243 129 211**	**252 647 060**	**114 908 784**	**367 555 844**	**222 898 583**	**590 454 427**
Profit for the year	-	-	-	-	1 478 447	1 478 447	3 027 645	4 506 092
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**1 478 447**	**1 478 447**	**3 027 645**	**4 506 092**
Issue of shares	(9 017 078)	-	-	(9 017 078)	443 350	(8 573 728)	-	(8 573 728)
Grant received from National Treasury Jobs Fund	-	-	25 207 913	25 207 913	-	25 207 913	-	25 207 913
Equity-settled share-based payment transactions	5 845 952	-	-	5 845 952	4 331 894	10 177 846	-	10 177 846
Intuthuko Equity Fund Proprietary Limited transfer of fund margin	-	139 359	-	139 359	(139 359)	-	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**(3 171 126)**	**139 359**	**25 207 913**	**22 176 146**	**4 635 885**	**26 812 031**	**-**	**26 812 031**
Balance at 31 March 2022	**9 344 830**	**(2 858 748)**	**268 337 124**	**274 823 206**	**121 023 116**	**395 846 322**	**225 926 228**	**621 772 550**

Statements of Changes in Equity

Figures in Rand	Share capital	Share based payment reserve	Equity development fund reserve	Non-distributable reserve	Total reserves	Owners' reserves	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Company									
Balance at 1 April 2020		**-**	**-**	**35 541 651**	**35 541 651**	**48 693 441**	**84 235 092**	**-**	**84 235 092**
Profit for the year		-	-	-	-	785 083	785 083	-	785 083
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**785 083**	**785 083**	**-**	**785 083**
Grant received from National Treasury Jobs Fund		-	-	27 582 860	27 582 860	-	27 582 860	-	27 582 860
Grant received from Oppenheimer Trust		-	-	22 504 941	22 504 941	-	22 504 941	-	22 504 941
Total contributions by and distributions to owners of company recognised directly in equity		**-**	**-**	**50 087 801**	**50 087 801**	**-**	**50 087 801**	**-**	**50 087 801**
Balance at 1 April 2021		**-**	**-**	**85 629 452**	**85 629 452**	**49 478 524**	**135 107 976**	**-**	**135 107 976**
Loss for the year		-	-	-	-	(4 820 651)	(4 820 651)	-	(4 820 651)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive Loss for the year		**-**	**-**	**-**	**-**	**(4 820 651)**	**(4 820 651)**	**-**	**(4 820 651)**
Grant received from National Treasury Jobs Fund		-	-	25 207 913	25 207 913	-	25 207 913	-	25 207 913
Total contributions by and distributions to owners of company recognised directly in equity		**-**	**-**	**25 207 913**	**25 207 913**	**-**	**25 207 913**	**-**	**25 207 913**
Balance at 31 March 2022		**-**	**-**	**110 837 365**	**110 837 365**	**44 657 873**	**155 495 238**	**-**	**155 495 238**
Notes				21					

Statements of Cash Flows

Figures in Rand	Notes	Group 2022	Group 2021 Restated	Company 2022	Company 2021
Cash flows from operating activities					
Interest income		364 204 146	322 869 408	253 543	166 754
Guarantee interest received		20 673 431	-	-	-
Rental income		-	4 405 780	-	-
Interest expenses		(223 181 499)	(236 916 041)	(24)	(5 423)
Tax paid		(14 230 664)	(8 152 386)	-	-
Cash paid to suppliers and employees		(167 665 466)	(89 095 702)	(7 364 082)	(1 537 086)
Management fees		746 207	1 492 413	(320 623)	-
Cash received from clients		2 394 726	1 018 270	1 032 000	1 032 000
Net movement in advances		309 514 131	(189 350 936)	-	-
Tax refund received		8 836 536	482 386	229 444	435 741
Jobsfund grant used		-	(4 395 920)	-	-
Bad debts recovered		11 255 916	-	-	-
Net cash from operating activities		**312 547 464**	**(197 642 728)**	**(6 169 742)**	**91 986**
Cash flows from investing activities					
Purchase of equipment	17	(1 114 432)	(878 932)	-	-
Proceeds from disposal of equipment	17	12 174	20 845	-	-
Purchase of properties in possession	10	(567 000)	(18 078 827)	-	-
Sale of properties in possession	10	7 238 506	-	-	-
Purchase of other intangible assets	19	(1 333 239)	(2 538 539)	-	-
Purchase of investment properties		(5 301 078)	-	-	-
Proceeds from sale of investment properties		42 422 977	-	-	-
Capital expenditure on investment properties		(7 798 961)	-	-	-
Dividends received		315 000	285 250	-	-
Net cash from investing activities		**33 873 947**	**(21 190 203)**	**-**	**-**
Cash flows from financing activities					
Amounts paid to related parties		-	-	13 547 854	(45 147 887)
Amounts received from related parties		-	-	(31 013 115)	2 953 105
Shareholder loan received		-	55 188 639	-	-
Principal lease payment		(4 400 196)	(4 497 243)	-	-
Proceeds from financial liabilities		336 000 000	487 000 000	-	-
Repayments of financial liabilities		(1 012 815 352)	(929 325 057)	-	-
Proceeds from notes issued		440 000 000	609 000 000	-	-
Grant funds received		25 207 913	50 087 801	25 207 913	50 087 801
Derivative collateral held for hedges in place		(7 390 000)	-	-	-
Cashflow hedge and interest rate swap payments		(3 479 039)	-	-	-
Repayments of notes		(58 438 353)	-	-	-
Net cash from financing activities		**(285 315 027)**	**267 454 140**	**7 742 652**	**7 893 019**
Total cash movement for the year		**61 106 384**	**48 621 209**	**1 572 910**	**7 985 005**
Cash at the beginning of the year		161 292 661	112 671 452	8 062 838	77 833
Total cash at end of the year	6	**222 399 045**	**161 292 661**	**9 635 748**	**8 062 838**

Accounting Policies

Corporate information

TUHF21 NPC is a public company incorporated and domiciled in South Africa.

The consolidated and separate financial statements for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 6 December 2022.

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

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

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

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

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

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

Investments in subsidiaries in the separate financial statements

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

1.3 Investments in joint ventures

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

1.4 Significant judgements and sources of estimation uncertainty

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

1.4.1 The impact of Covid-19 on IFRS 9 ECL

Following the disruption of normal economic activity because of Covid-19, this impact has started to ease but the company has taken a conservative view when assessing the ECL.

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 forecast conditions, consideration has been given both to the impact of Covid-19 and any remaining residual broader economic impact. 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 Group during the past year however, changes in economic conditions have been reflected in macroeconomic scenarios applied and their weightings.

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

Sensitivity analysis applicable to 2022

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

However, due to ongoing delays in our litigation process, higher arrears remain a focus, but management have started seeing resolution of several matters starting to progress in the last quarter of the financial year. Credit losses of R 43 million have crystalised in the period with the focus on credit quality remaining a key concern for management.

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

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

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

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

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

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

PD Adjustment Factors

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

Sensitivity analysis applicable to 2021

Throughout the 2021 year some of the uncertainty regarding the impact of covid could be seen and resulted in the actual direct impact of increasing arrears and a general decrease in collections for a period. Stability was achieved within a short period of time, of six months and consequently the per project assessment of risk could be conducted through the problematic project meeting process.

The additional stresses on the PDs were not done in the current year as this was already in the data but an approach to consider additional risk through the watchlist process was deemed appropriate. The project and risk screening approach ensured that the risk of default on loans with no arrears were evaluated and a quantitative assessment of the significant increase in credit risk was applied to the ECL through an overlay. No additional stresses to the PD’s were applied.

The loss given default information is conservative at 52.5% and was left unchanged. The loans are secured and the recovery of the collateral, form part of the model assessment and assumptions. In the model a 45.77% haircut is applied to reduce values, increasing the required provisions. The model considers economic variables such as property prices and interest rates. The decline in interest rates was again ignored for the purpose of the provision to remain conservative. Usually such a decrease would improve consumer credit and the ability of customers to repay their debt but given the other factors such as the economic shutdown and job losses this was ignored. Property values usually would be considered, and a growth factor would be applied to the collateral. For 2021 this was not done given the uncertainty in the market. Instead, a 5% decline in property values was considered for the next 12 months and thereafter a 2% increase was applied for 12 months and a 3% factor thereafter.

PD Adjustment Factors - (2021)

	2021	2022	2023	2024
1 - Downturn	110%	110%	110%	110%
2 - Base case	100%	100%	100%	100%
3 - Upturn	90%	90%	90%	90%

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

TUHF21 NPC Group

In respect of the ECL’s for loans and advances in the non-performing category we reported ECL’s of R95 553 014 (2021:R109 003 798).

In respect of the ECL’s for loans and advances in the performing category we reported ECL’s of R29 318 085 (2021:R27 285 738).

Total expected credit losses, Stage 1, 2 and 3 combined reported are: R124 871 098 (2021:R136 289 536).

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

	2022	2021
Downturn	R149 595 576	R162 144 402
Base case	R124 871 098	R136 289 536
Upturn	R102 394 301	R128 112 162

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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

TUHF21 NPC Group

In respect of the ECL’s for loans to group companies in the non-performing category we reported ECL’s of R- (2021:R-).

In respect of the ECL’s for loans to group companies in the performing category we reported ECL’s of R271 517 (2021:R414 319).

Total expected credit losses, Stage 1, 2 and 3 combined reported are: R271 517 (2021:R414 319).

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

	2022	2021
Downturn	R320 390	R525 169
Base case	R271 517	R441 319
Upturn	R222 644	R414 840

TUHF21 NPC Company

In respect of the ECL’s for loans to group companies in the non-performing category we reported ECL’s of R- (2021:R-).

In respect of the ECL’s for loans to group companies in the performing category we reported ECL’s of R2 186 000 (2021:R4 201 412).

Total expected credit losses, Stage 1, 2 and 3 combined reported are: R2 186 000 (2021:R4 201 412).

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

	2022	2021
Downturn	R2 579 480	R5 098 542
Base case	R2 186 000	R4 201 412
Upturn	R1 792 520	R3 930 421

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

TUHF21 NPC Group

In respect of the ECL’s for loans to related parties in the non-performing category we reported ECL’s of R4 454 728 (2021 :R4 067 067).

In respect of the ECL’s for loans to related parties in the performing category we reported ECL’s of R- (2021: R-).

Total expected credit losses, Stage 1, 2 and 3 combined reported are: R4 454 728 (2021: R4 067 067).

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

	2022	2021
Downturn	R5 256 579	R4 839 810
Base case	R4 454 728	R4 067 067
Upturn	R3 652 877	R3 823 043

1.5 Properties in possession

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

Accounting Policies

1.6 Investment property

Investment property is land and buildings held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.

Investment property is initially measured at cost and subsequently at fair value with changes in fair value recognised in profit and loss. If the fair value of investment property cannot be measured reliably without undue cost or effort, then it is measured at cost less accumulated depreciation and accumulated impairment.

The cost of investment property comprises its purchase price and any directly attributable costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs include costs incurred initially to acquire or construct an investment property and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of investment property, the carrying amount of the replaced item is derecognised.

The fair value is determined annually by an external valuator derived from current market prices of comparable real estate.

1.7 Equipment

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

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

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

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

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

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

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

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

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

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

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

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

1.8 Intangible assets

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

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

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

Item	**Useful life**
Computer software	20% per annum

1.9 Financial instruments

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

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

Classification and subsequent measurement of debt instruments depends on:

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

- the cash flow characteristics of the asset.

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

Accounting Policies

1.9 Financial instruments (continued)

Loans to group companies, loans to managers and employees, and loans and advances are subsequently classified at amortised cost.

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

Application of the effective interest rate method

Interest income is calculated using the effective interest rate method, and is included in profit or loss in interest income (note 25 & 32).

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

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

Impairment

IFRS 9 Three Stage Model

<table>
<tr><th></th><th>Staging</th><th>ECL - Measurement</th></tr>
<tr><td>Stage 1</td><td>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.</td><td>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.</td></tr>
<tr><td>Stage 2</td><td>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.</td><td rowspan="2">Loans in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.</td></tr>
<tr><td>Stage 3</td><td>If the loan is in default, the financial instrument is then moved to "Stage 3".</td></tr>
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<tr><td>Significant increase in credit risk</td><td colspan="2">SICR- is determined through a watchlist process whereby financial and project performance of the counterparties is discussed. In addition, the status of the construction of ongoing projects is taken into account as well as other ad hoc indicators.</td></tr>
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Accounting Policies

1.9 Financial instruments (continued)

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

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

Measuring ECL - Explanation of inputs, assumptions and estimation techniques

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.9 Financial instruments (continued)

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

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

Definitions

SICR:

- Qualitative criteria: SICR is primarily determined through the watchlist process whereby the financial performance of the counterparties are discussed. In addition, the status of the construction of ongoing projects is taken into account and as well as qualitative factors such as financial distress, significant change in collateral value or significant adverse changes in business, financial or economic status.
- A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.
- The Group has not used the low credit risk exemption for any financial instruments in the year ended 31 March 2022.
- The assessment of SICR incorporates forward looking information (see below) and is performed annually for all loans.

DEFAULT:

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

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

WRITE-OFF POLICY:

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

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

Accounting Policies

1.9 Financial instruments (continued)

CURING:

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

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

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

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

Loans to (from) group companies

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

Trade and other payables

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

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

Cash and cash equivalents and money market assets

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

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

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

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

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

Mortgage-backed securities

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

Derecognition of financial assets and liabilities

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

Accounting Policies

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

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

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

Staging

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

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

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

Loans repayable on demand

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

Loans with no fixed terms of repayment

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

Accounting for Derivatives

Classification

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

The accounting for derivatives strategy will require the company to reduce any basis risk exposure on interest rate risk. The company loans and advances earn interest on the basis of the prevailing prime interest rate.

The group funds itself in the capital markets by means of structured finance notes subject to the 3-month Jibar rate. This creates a mismatch between assets and liabilities priced according to different benchmark rates. Accordingly, an interest rate swap has been entered into with Standard Bank to swap the underlying principal asset cashflows with the 3-month Jibar rate.

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

Derivatives held by the group which are not in designated hedging relationships, include forward exchange contracts and interests rate swaps.

A swap between TUHF Limited and Urban Ubomi 1 (RF) Limited ensures that the structure pricing benefit is retained and that the overall group risk objective is achieved ensuring that the overall derivative impact is neutral.

Accounting Policies

1.10 Expected credit losses on loans to group companies and related parties (continued)

Recognition and measurement

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

Fair value gains or losses are included in other operating gains (losses) (note 30). Details of the valuation policies and processes are presented in note 30.

1.11 Taxation

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

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

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

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

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

1.12 Leases (IFRS 16)

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

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

Accounting Policies

1.12 Leases (IFRS 16) (continued)

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

Group as lessee

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

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

Details of leasing arrangements where the group is a lessee are presented in note 18 Leases (group as lessee).

Lease liability

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

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

- fixed lease payments

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 30).

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in interest expense (note 26).

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

Right-of-use assets

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

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

Statement of cash flows

The group has classified:

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

Accounting Policies

1.13 Impairment of assets (non-financial)

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

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

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

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

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

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

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

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

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

1.14 Share capital and equity

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

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

1.15 Non-distributable reserve

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

1.16 Share based payments (IFRS 2)

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

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

Accounting Policies

1.16 Share based payments (IFRS 2) (continued)

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

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

Where the conditional share plan share award requires equity to be issued the impact is disclosed in non distributable reserves.

1.17 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

1.18 Revenue

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

Revenue comprises interest income and non-interest income.

Interest income

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

Rental income

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

Accounting Policies

1.18 Revenue (continued)

Management fee income

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

Bad debts recovered

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

Sundry income

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

Dividends received

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

Other operating gains and losses

Other operationg gains and losses comprise of the aggregated total of the fair value gains and losses of the following instruments:

(a) Unlisted investments
Changes in the fair value of investments are recognised in the statement of profit or loss and other comprehensive income as other operating gains.

(b) Investment properties
The fair value is determined annually by an external valuer derived from current market prices of comparable real estate.

(c) Interest rate swap
The fair value of the swaps has been determined using expected cashflows based on the respective 3-month JIBAR and Prime interest rate forward curves, as well as using a determinded PD and LGD in the CVA and DVA calculations. (see note 28 for detailed information).

(d) Financial liabilities (TUHF Limited)
The fair value of the debt has been determined using expected cashflows based on the CPI Index forward curves as well as using a determinded PD and LGD in the CVA and DVA calculations.(see note 28 for detailed information).

(e) Financial liabilities (TUHF Equity)
The fair value of the debt has been determined using a net present value calculation using the future outstanding amount discounted at prime + 5% over the remaining period of the loan.

Impairment of goodwill

Impairment of goodwill is recognised when goodwill's carrying value on financial statements exceeds its fair value and it is accounted for in other operating gains (losses).

Bargain purchase

Bargain purchase is recognised during business combination when the assets are acquired at an amount that is less than their fair market value.

1.19 Unlisted investments

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

Accounting Policies

1.19 Unlisted investments (continued)

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

1.20 Segmental reporting

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

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

The revenue from one single customer does not exceed 10% of the group's revenues in 2022 and in 2021. The business sells a single product, 15 year mortgage loan facility. Management assesses information relating to the performance of the single segment on multiple levels and from multiple perspectives. All elements are regarded as inter-connected and as such, no part of the business is regarded as separable from the rest.

Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	1 January 2021
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	1 January 2021
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	1 January 2021
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	1 January 2021
• Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	1 January 2021
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16	1 June 2020

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2099	Unlikely there will be a material impact
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	1 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	1 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	1 January 2022	Unlikely there will be a material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	1 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	1 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	1 January 2022	Unlikely there will be a material impact

Notes to the Financial Statements

3. Risk management

Capital risk management

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

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

The group monitors capital on the gearing ratio basis together with a debt service cover ratio. The capital management function is governed primarily by management level subcommittees that oversees the risks associated with capital management, namely the group asset and liability committee (ALCO). The principal governance documents are the capital management governance framework and the risk framework.

Financial risk management

Financial risks are identified and managed on a group basis. These risks are identified in the risk matrix which is reported to the board.

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

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

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

Liquidity risk

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

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

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

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

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

The group monitors the interest bearing liabilities in the current period and has managed the amount down from prior years. The flexibility in the funding facilities affords management more liquidity to reduce such exposures. The source of funds may be accessed through the movement of assets to a warehouse, new liquidity, or prepayments.

As at 31 March 2022, TUHF Limited breached the loans with arrears covenants of certain funder loan agreements. TUHF Limited has received written condonation from all affected funders before year end.

Notes to the Financial Statements

The table below analyses the group and 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 2022 - Group	Less than 1 year	1 to 5 years	Over 5 years	Total interest	Carrying value
Trade and other payables	68 835 073	-	-	-	68 835 073
Interest bearing liabilities	717 328 028	1 891 485 375	1 485 510 203	(864 470 604)	3 229 853 002
	786 163 101	**1 891 485 375**	**1 485 510 203**	**(864 470 604)**	**3 298 688 075**

Included in the table above the contractual maturity (R495 501 894) is recorded for TUHF Urban Finance (RF) and (R998 514 327) for Urban Ubomi RF Ltd financial liabilities in the bucket 1 - 5 years. It is the intention that in 2025 and 2026 respectively these structures will come to an end and the financial liabilities will be settled through external funding.

At 31 March 2021 - Group	Less than 1 year	1 to 5 years	Over 5 years	Total interest	Carrying value
Related parties	-	-	-	-	-
Other financial liabilities	60 311 157	-	-	-	60 311 157
Interest bearing liabilities	771 034 127	2 051 933 065	1 480 549 526	(768 233 241)	3 535 283 477
	831 345 284	**2 051 933 065**	**1 480 549 526**	**(768 233 241)**	**3 595 594 634**

Included in the table above the contractual maturity (R525 079 176) is recorded for TUHF Urban Finance (RF) financial liabilities in the bucket 1 - 5 years. It is the intention that in 2025 this structure will come to an end and the financial liabilities will be settled through external funding.

Liquidity mismatch - Group 2022	Less than 1 year	1 to 5 years	Over 5 years	Carrying value
Gross advances				
TUHF Limited	80 759 942	461 345 372	1 089 130 164	1 631 235 478
TUHF Urban Finance (RF) Limited	40 093 546	172 724 426	282 683 922	495 501 894
Vuselela Warehouse SPV (RF) Proprietary Limited	9 005 324	31 095 370	84 675 953	124 776 647
Urban Ubomi 1 (RF) Limited	89 177 166	274 426 886	733 021 292	1 096 625 344
TUHF Bridge Proprietary Limited	3 528 853	-	-	3 528 853
Intuthuko Equity Fund Proprietary Limited	7 259 185	33 882 948	20 481 602	61 623 735
uMastandi Proprietary Limited	1 390 074	7 901 314	34 667 511	43 958 899
TUHF Properties Proprietary Limited	14 749	3 425 718	-	3 440 467
	231 228 839	**984 802 034**	**2 244 660 444**	**3 460 691 317**

Interest bearing liabilities	Less than 1 year	1 to 5 years	Over 5 years	Carrying value
TUHF Limited	320 277 534	1 024 824 694	257 130 972	1 602 233 200
TUHF Urban Finance (RF) Limited	36 706 658	158 133 591	258 804 299	453 644 548
Vuselela Warehouse SPV (RF) Proprietary Limited	46 301 301	17 983 757	48 971 657	113 256 715
Urban Ubomi 1 (RF) Limited	81 198 814	249 874 927	667 440 587	998 514 328
TUHF Holdings Limited	40 314 784	-	-	40 314 784
TUHF Bridge Proprietary Limited	-	-	-	-
Intuthuko Equity Fund Proprietary Limited	3 876 785	6 524 852	-	10 401 637
Jeppestown Urban Trust	-	11 487 790	-	11 487 790
	528 675 876	**1 468 829 611**	**1 232 347 515**	**3 229 853 002**
Liquidity mismatch	(297 447 037)	(484 027 577)	1 012 312 929	230 838 315

Notes to the Financial Statements

Liquidity mismatch - Group 2021	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Carrying value**
Gross advances				
TUHF Limited	103 885 730	548 592 274	1 355 258 114	2 007 736 118
TUHF Urban Finance (RF) Limited	40 109 070	189 263 943	352 628 893	582 001 906
Vuselela Warehouse SPV (RF) Proprietary Limited	19 483 427	115 371 132	290 526 639	425 381 198
Urban Ubomi 1 (RF) Limited	31 112 034	172 971 131	452 808 831	656 891 996
TUHF Bridge Proprietary Limited	5 497 776	-	-	5 497 776
Intuthuko Equity Fund Proprietary Limited	5 854 842	27 273 098	16 404 763	49 532 703
uMastandi Proprietary Limited	1 019 371	5 818 462	26 547 699	33 385 532
TUHF Properties Proprietary Limited	844 849	2 121 843	-	2 966 692
	207 807 099	**1 061 411 883**	**2 494 174 939**	**3 763 393 920**

Interest bearing liabilities	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Carrying value**
TUHF Limited	459 430 827	1 160 576 487	262 173 753	1 882 181 067
TUHF Urban Finance (RF) Limited	35 829 709	169 070 789	320 178 678	525 079 176
Vuselela Warehouse SPV (RF) Proprietary Limited	17 336 737	102 659 506	258 516 326	378 512 569
Urban Ubomi 1 (RF) Limited	28 688 141	159 495 200	421 680 560	609 863 901
TUHF Holdings Limited	38 515 745	56 032 345	-	94 548 090
Silverkey Proprietary Limited	-	2 980 263	-	2 980 263
Better Urban Living 2	-	6 276 995	-	6 276 995
Intuthuko Equity Fund Proprietary Limited	14 441 210	5 363 922	5 032 822	24 837 954
Jeppestown Urban Trust	380 357	10 623 105	-	11 003 462
	594 622 726	**1 673 078 613**	**1 267 582 139**	**3 535 283 477**
Liquidity mismatch	(386 815 627)	(611 666 730)	1 226 592 800	228 110 443

The liquidity mismatch pertaining to the period up to five years after reporting date will be managed by refinancing interest bearing liabilities. Refer to note 8 for the maturity analysis relating to advances.

Interest rate risk

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

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

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

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

- Basis risk: Whilst the company’s assets are linked to the prime interest rate, liabilities comprise of facilities linked to the Prime rate and JIBAR. In order to manage this risk, the company may decide to enter into interest rate swaps if it deems necessary. The company has also decided to link its loans to JIBAR going forward. This commenced in 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.

Notes to the Financial Statements

3. Risk management (continued)

The group entered into a fair value interest rate hedge with Standard Bank of South Africa Limited on 16 July 2021 to hedge against movements in cashflow in response of a financial liability linked to CPI. The derivative swaps CPI-linked cash flows arising from the Eskom Pension and Provident Fund (EPPF) debt facility of R200 million for 3-month JIBAR-linked cash flows. In terms of the derivative, the company receives CPI plus 3% and pays 3-month JIBAR to Standard Bank. The hedge was concluded as part of the company's Interest rate risk management strategy. All the key attributes of the hedge are aligned to the EPPF debt facility in order to ensure that the hedge is effective. This includes the start and end dates of the transactions, the notional amounts, the capital repayment profile and the interest rate frequency.

The group has not entered into any additional interest rate swaps in the financial year ending 31 March 2022, however the notional amount of the Prime-JIBAR swap was updated in line with the balance of the underlying exposure.

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

At 31 March 2022, if interest rates on net borrowings and advances had been 1% higher with all other variables held constant, pre-tax profit for the year would have been R2 294 744 (2021: R3 188 036) higher, 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, pre-tax profit for the year would have been R2 294 744 (2021: R3 188 036) lower.

Credit risk

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

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

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

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

Advances are subject to a risk rating evaluation that takes into consideration inter alia the overall risk profile, collateral cover, payment record, past experiences, customers' co-operation in abiding by loan conditions and the economic climate. For further details regarding the grop's accounting policy refer to accounting policy 1.9.

The group and company's maximum exposure to credit risk is as follows:

	Group		Company	
Figures in Rand	2022	2021	2022	2021
Financial instrument				
Cash and cash equivalents	210 315 658	149 997 884	9 635 748	8 062 838
Money market assets	12 083 387	11 294 777	-	-
Loans and advances	3 460 691 317	3 763 393 920	-	-
Loans to group companies and related parties	6 312 201	9 519 440	48 791 572	118 168 294
Investments in joint ventures	4 560 543	3 684 430	-	-
Other assets excluding prepayments	44 261 950	43 375 413	23 047	-
Unlisted investments	22 036 080	24 967 606	-	-
	3 760 261 136	**4 006 233 470**	**58 450 367**	**126 231 132**

Notes to the Financial Statements

4. Financial assets by category

Group - 2022	Amortised cost	Fair value through profit or loss	Total
Cash and cash equivalents	210 315 658	-	210 315 658
Money market assets	12 083 387	-	12 083 387
Loans and advances	3 322 579 874	-	3 322 579 874
Other assets excluding prepayments	37 350 168	6 911 782	44 261 950
Unlisted investments	-	22 036 080	22 036 080
Loans to group companies and related parties	6 040 684	-	6 040 684
Investment in joint venture	4 560 543	-	4 560 543
	3 592 930 314	**28 947 862**	**3 621 878 176**

Group - 2021	Amortised cost	Fair value through profit or loss	Total
Cash and cash equivalents	149 997 884	-	149 997 884
Money market assets	11 294 777	-	11 294 777
Loans and advances	3 622 269 795	-	3 622 269 795
Other assets excluding prepayments	37 757 899	5 617 514	43 375 413
Unlisted investments	-	24 967 606	24 967 606
Loans to group companies and related parties	5 011 053	-	5 011 053
Investment in joint venture	3 684 430	-	3 684 430
	3 830 015 838	**30 585 120**	**3 860 600 958**

Company - 2022	Amortised cost	Total
Cash and cash equivalents	9 635 748	9 635 748
Other assets excluding prepayments	23 047	23 047
Investment in subsidiaries	114 665 958	114 665 958
Loans to group companies	46 605 571	46 605 571
	170 930 324	**170 930 324**

Company - 2021	Amortised cost	Total
Cash and cash equivalents	8 062 838	8 062 838
Investment in subsidiaries	26 333 534	26 333 534
Loans to group companies and related parties	113 966 880	113 966 880
	148 363 252	**148 363 252**

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

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

Notes to the Financial Statements

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

Figures in Rand	Note	Group 2022	Group 2021
Level 2 Derivatives			
Opening balance		5 617 514	-
Addition		-	5 540 262
Payments		(506 794)	-
Fair value adjustments (recognised in profit or loss)		(2 308 188)	77 252
	10	**2 802 532**	**5 617 514**

Urban Ubomi 1 (RF) Limited

Nominal value R562 412 460. The company has entered into a fair value interest rate cashflow swap with Standard Bank of South Africa Limited. The derivative swaps prime interest rate cashflows for 3-month JIBAR Cashflow. The company calculates the Mark to Market (MTM) on the swap on a monthly basis. The maturity date of the swap is 15 May 2043. The swap is balance guaranteed so the nominal value will automatically go to zero on the coupon set-up date, currently is May 2026.

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

Level 3 unlisted investments			
Opening balance		24 967 606	24 573 001
Fair value adjustments (recognised in profit or loss)		(2 931 526)	394 605
	16	**22 036 080**	**24 967 606**

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

At 31 March 2022, if the capitalisation rate used to value the investment properties of Urban Task Force Proprietary Limited had been 1% higher (downturn) or 1% lower (upturn) with all other variables held constant, the value of the unlisted investment would be as follows:

	2022	**2021**
Downturn	R15 940 818	R18 872 345
Base case	R22 036 080	R24 967 606
Upturn	R29 350 393	R32 281 919

Level 3 Derivatives		
Opening balance	-	-
Transfer from derivatives liability	(3 916 119)	-
Fair value adjustments (recognised in profit or loss)	8 025 369	-
	4 109 250	**-**

Notes to the Financial Statements

5. Financial assets by category (continued)

Nominal Value R200 000 000. The company entered into a fair value Interest rate hedge with Standard Bank of South Africa Limited on 16 July 2021 to hedge against movements in cashflow in response to a financial liability linked to CPI (Comsumer Price Index). The derivative swaps CPI-linked cash flows arising from the Eskom Pension and Provident Fund (EPPF) debt facility of R200 million for 3-month JIBAR-linked cash flows. In terms of the derivative, the company receives CPI plus 3% and pays 3-month JIBAR to Standard Bank of South Africa Limited.

At 31 March 2022, if the Consumer Price Index rate used to value the Interest rate swap had been 1% higher (downturn) or 1% lower (upturn) with all other variables held constant, the value of the interest bearing liability would be as follows:

	2022	**2021**
Downturn	R4 520 175	R-
Base case	R4 109 250	R-
Upturn	R3 698 325	R-

5. Financial liabilities by category

Group - 2022	**Financial liabilities at amortised cost**	**Financial liabilities at fair value**	**Total**
Interest bearing liabilities	3 012 495 922	217 357 080	3 229 853 002
Trade and other liabilities	68 835 073	-	68 835 073
	3 081 330 995	**217 357 080**	**3 298 688 075**

Group - 2021	**Financial liabilities at amortised cost**	**Financial liabilities at fair value**	**Total**
Interest bearing liabilities	3 518 577 956	16 705 521	3 535 283 477
Trade and other liabilities	60 311 157	-	60 311 157
	3 578 889 113	**16 705 521**	**3 595 594 634**

Company - 2022	**Financial liabilities at amortised cost**	**Total**
Trade and other liabilities	16 018 552	16 018 552

Company - 2021	**Financial liabilities at amortised cost**	**Total**
Trade and other liabilities	14 230 292	14 230 292

Notes to the Financial Statements

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

Figures in Rand	Note	Group 2022	Group 2021
Level 2 Derivatives			
Opening balance		7 017 022	-
Addition		-	7 197 083
Repayment		(848 245)	-
Fair value adjustments (recognised in profit or loss)		(2 137 834)	(180 061)
	23	**4 030 943**	**7 017 022**

TUHF Limited

Nominal value R562 412 460. The company has entered into a fair value interest rate cashflow swap with Standard Bank of South Africa Limited. The derivative swaps prime 3- month Jibar cashflows for prime Cashflow. The company calculates the Mark to Market (MTM) on the swap on a monthly basis. The maturity date of the swap is 15 May 2043. The swap is balance guaranteed so the nominal value will automatically go to zero on the coupon set-up date, currently is May 2026.

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

Figures in Rand	Note	Group 2022	Group 2021
Level 3 Interest bearing liabilities			
Opening balance		9 688 499	-
Addition		-	9 688 499
Interest		419 740	-
Fair value adjustments (recognised in profit or loss)		363 770	-
	23	**10 472 009**	**9 688 499**

The loan with Buffet Investment is regonised at fair value and a net present value calculation is performed to calculate the fair value adjustment. The net present value calculation uses the future outstanding balance of R15 million discounted usng an discount rate of Prime +5% over the remaining period of the loan.

At 31 March 2022, if the discount rate used to calculate the nett present value for the loan from Buffet Investment had been 1%higher (downturn) or 1% lower (upturn) with all other variables held constant, the net present value would be as follows:

	2022	**2021**
Downturn	R10 184 696	R9 339 257
Base case	R10 472 009	R9 688 499
Upturn	R10 767 733	R10 051 251

Notes to the Financial Statements

Figures in Rand	Note	Group 2022	Group 2021
Level 3 Interest bearing borrowing			
Opening balance		-	-
Addition		200 000 000	-
Interest		754 065	-
Fair value adjustments (recognised in profit or loss)		2 100 063	-
	23	**202 854 128**	**-**

The loan of R200 million from Eskom Pension and Provident Fund (EPPF) is accounted for at fair value through profit and loss and is priced at CPI plus 3%. Pricing was swapped to JIBAR-linked pricing through a CPI-JIBAR interest rate derivative. The swapped rate for the facility is 3-month plus 1.72%.

At 31 March 2022, if the Consumer Price Index rate used to value the Eskom Pension and Provident fund loan had been 1% higher (downturn) or 1% lower (upturn) with all other variables held constant, the value of the interest bearing liability would be as follows:

	2022	**2021**
Downturn	R204 134 015	R-
Base case	R202 854 128	R-
Upturn	R201 574 241	R-

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

Figures in Rand	Group 2022	Group 2021	Company 2022	Company 2021
6. Cash and cash equivalents				
Short term deposit	9 289	11 674	-	-
Bank balances	210 306 369	149 986 210	9 635 748	8 062 838
	210 315 658	**149 997 884**	**9 635 748**	**8 062 838**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	Group 2022	Group 2021	Company 2022	Company 2021
Credit rating				
Standard Bank of South Africa Limited (AA+)	221 636 620	160 127 808	9 635 748	8 062 838
First National Bank Limited (AA+)	762 425	1 164 853	-	-
	222 399 045	**161 292 661**	**9 635 748**	**8 062 838**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

6. Cash and cash equivalents (continued)

Composition of cash equivalents

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

Cash and cash equivalents	210 315 658	149 997 884	9 635 748	8 062 838
Money market assets	12 083 387	11 294 777	-	-
	222 399 045	**161 292 661**	**9 635 748**	**8 062 838**

7. Money market assets

Deposits for payment guarantees	11 256 234	10 301 198	-	-
Deposits pending property transfer registrations	827 153	993 579	-	-
	12 083 387	**11 294 777**	**-**	**-**

8. Loans and advances

Loan and advances	3 460 691 317	3 763 393 920	-	-
Deferred raising fee**	(13 240 345)	(4 834 589)	-	-
Expected credit losses	(124 871 098)	(136 289 536)	-	-
	3 322 579 874	**3 622 269 795**	**-**	**-**

** The current portion of the deferred raising fee is R3 546 700 (2021: R 3 791 911).

ECL raised on Commitments

	Group 2022	
Loan stages	**Commitment amount**	**ECL raised**
Stage 1	96 348 886	1 025 758
Stage 2	625 317	125 118
Stage 3	-	-
	96 974 203	**1 150 876**

Notes to the Financial Statements

8. Loans and advances (continued)

Exposure to credit risk

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

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

Group 2022	**Stage 1 Standard monitoring**	**Stage 2 Special monitoring**	**Stage 3 Default**	**Total**
Gross loans	2 799 428 345	189 046 135	472 216 837	3 460 691 317

Expected credit losses	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance 1 April 2021	17 519 150	9 766 588	109 003 798	136 289 536
Transfers between stages	(654 975)	(3 841 690)	4 496 665	-
Transfer from stage 1	(2 157 751)	188 455	1 969 296	-
Transfer from stage 2	1 502 776	(4 030 145)	2 527 369	-
Transfer from stage 3	-	-	-	-
Net impairments raised/(released)	7 223 250	(694 239)	24 599 675	31 128 686
ECL movement in the current year	10 911 312	(438 962)	24 712 029	35 184 379
Change in ECL due to derecognition	(3 688 062)	(255 277)	(112 354)	(4 055 693)
Suspended interest current year	-	-	3 357 526	3 357 526
Impaired accounts written off	-	-	(45 904 650)	(45 904 650)
Closing balance	**24 087 425**	**5 230 659**	**95 553 014**	**124 871 098**

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

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

Net Advances	2 775 340 920	183 815 476	376 663 823	3 335 820 219

Notes to the Financial Statements

8. Loans and advances (continued)

Group 2021	**Stage 1 Standard monitoring**	**Stage 2 Special monitoring**	**Stage 3 Default**	**Total**
Gross loans	3 312 099 101	122 540 545	328 754 274	3 763 393 920

Expected credit losses	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance at 1 April 2020	19 576 674	27 071 924	78 184 787	124 833 385
Transfers between stages	35 788 260	(17 453 657)	(18 334 603)	-
Transfer from stage 1	(304 527)	117 762	186 765	-
Transfer from stage 2	14 954 453	(17 571 419)	2 616 966	-
Transfer from stage 3	21 138 334	-	(21 138 334)	-
(released)	(37 845 784)	148 321	73 091 433	35 393 970
ECL on new exposures raised	(31 369 965)	7 808 164	88 088 876	64 527 075
Subsequent changes in ECL	-	(15 719)	(164 389)	(180 108)
Change in ECL due to derecognition	(6 475 819)	(7 644 124)	(14 833 054)	(28 952 997)
Interest income on stage 3 loans not recognised	-	-	(3 073 862)	(3 073 862)
Impaired accounts written off	-	-	(20 863 957)	(20 863 957)
Closing balance	**17 519 150**	**9 766 588**	**109 003 798**	**136 289 536**

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

2) The group's policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore exposures can be transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period and shown in the "Subsequent changes in ECL line". 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" on new exposure raised" based on the exposures ECL stage as at the end of the reporting period.

Net Advances	3 294 579 951	112 773 957	219 750 476	3 627 104 384

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year. Funds receivable are first applied to any past due amounts.

Geographical and concentration of loans and advances

	Group		Company	
Figures in Rand	2022	2021	2022	2021
Geographical analysis				
Eastern Cape	262 245 669	230 223 521	-	-
Free State	117 119 842	94 122 790	-	-
Gauteng	1 992 310 385	2 438 466 695	-	-
Kwazulu Natal	681 559 885	610 225 678	-	-
Western Cape	407 455 536	390 355 236	-	-
	3 460 691 317	**3 763 393 920**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

8. Loans and advances (continued)

Collateral held

Value of collateral				
Stage 1	5 337 981 094	6 749 391 514	-	-
Stage 2	341 807 734	214 949 105	-	-
Stage 3	608 348 211	388 758 499	-	-
Deferred sale loans	26 754 136	23 226 068	-	-
Equity finance second bond	21 369 981	43 179 256	-	-
	6 336 261 156	**7 419 504 442**	**-**	**-**

9. Other assets

Financial instruments:				
Trade receivables	3 047 592	1 828 107	-	-
Deposits	1 377 263	1 287 728	-	-
Financial asset derivative	14 301 781	5 617 514	-	-
Interest on guarantee funds	6 396	102 894	-	-
Other receivables	15 382 279	28 553 345	23 047	-
Non-financial instruments:				
VAT	10 146 638	5 985 825	-	-
Prepaid expenses	1 402 362	1 560 885	1 129	313
	45 664 311	**44 936 298**	**24 176**	**313**

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

10. Properties in possession

Reconciliation of properties in possession - Group - 2022

	Opening balance	**Additions**	**Disposals***	**Transfer to investment property****	**Total**
Properties in possession	11 400 000	967 000	(5 267 000)	(7 100 000)	-

Reconciliation of properties in possession - Group - 2021

	Opening balance	**Total**
Properties in possession	11 400 000	11 400 000

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

10. Properties in possession (continued)

Details of properties

*

1. Old Trafford, Erven 828-830 located at 24 Kruger street City and Suburban Johannesburg was sold in June 2021.

2. Cleveland Court Portion 2 of Erf 92 Johannesburg was bought and sold in this financial year.

**

3. Philips Court & Sections 1,2,3,5,6,7,8 of Sectional title scheme Wellsid court. Located at 5,6&7 Sueltz Street Gqeberha was transferred to Investment Properties as it no longer met the critea of a Property in Possession.

Details of properties - 2021

1. Old Trafford, Erven 828-830 located at 24 Kruger street City and Suburban Johannesburg.

2. Philipps, Toys, Wellsid Court, Sections 1-8 of Sectional title scheme Toys Court & Sections 1-9 of Sectional title scheme Philips Court & Sections 1,2,3,5,6,7,8 of Sectional title scheme Wellsid court. Located at 5,6&7 Sueltz Street Gqeberha.

11. Investment properties

Group 2022	**Opening balance**	**Additions**	**Disposals**	**Fair value adjustments**	**Carrying value**
Investment property	270 044 873	17 794 425	(45 087 564)	18 128 266	260 880 000

Group 2021	**Cost / Valuation**	**Fair value adjustments**	**Carrying value**
Investment property	280 050 000	(10 005 127)	270 044 873

Details of properties

Phillips, Toys, Wellsid Court Sections 1-8 of Sectional title scheme Toys Court & Sections 1-9 of Sectional title scheme Philips Court & Sections 1,2,3,5,6,7,8 of Sectional title scheme Wellsid court. Located at 5,6&7 Sueltz Street Port Elizabeth				
- Purchase price	6 700 000	-	-	-
- Additions/Capital expenditure	581 352	-	-	-
- Fair value adjustment	1 518 648	-	-	-
	8 800 000	**-**	**-**	**-**
Aerial Empire Erf 1089, New Doornforntein, Johannesburg				
- Purchase price	5 100 000	-	-	-
- Additions/Capital expenditure	201 078	-	-	-
- Fair value adjustment	10 698 922	-	-	-
	16 000 000	**-**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021
11. Investment properties (continued)				
Erf 144 and 41, New Centre Township, 17 Roper Street, Johannesburg				
- Purchase price	17 193 228	17 075 246	-	-
- Capital expenditure	274 625	925 481	-	-
- Fair value adjustment	7 532 147	1 699 273	-	-
	25 000 000	**19 700 000**	**-**	**-**
Erf 175, 180, 181, 182 and 183, Jeppestown, 33 Macintyre, Johannesburg				
- Purchase price	7 800 000	7 800 000	-	-
- Capital expenditure	20 215 134	21 705 182	-	-
- Fair value adjustment	3 984 866	2 494 818	-	-
	32 000 000	**32 000 000**	**-**	**-**
Erf 336, 337, 339 and 341, Jeppestown, 34 Jules street, Johannesburg (Masana House)				
- Purchase price	4 000 000	4 000 000	-	-
- Capital expenditure	13 734 862	14 731 205	-	-
- Fair value adjustment	665 138	(2 231 205)	-	-
	18 400 000	**16 500 000**	**-**	**-**
Erf 2808, Jeppestown, Johannesburg (Bjala Square)				
- Purchase price	14 241 406	14 241 406	-	-
- Capital expenditure	41 059 278	37 594 503	-	-
- Fair value adjustment	30 299 316	32 806 600	-	-
	85 600 000	**84 642 509**	**-**	**-**
Erf 495 and Erf 496, Jeppestown, Johannesburg(35 & 37 Jules Street)				
- Purchase price	2 850 000	2 850 000	-	-
- Capital expenditure	12 590 497	11 264 254	-	-
- Fair value adjustment	(3 140 497)	(1 199 864)	-	-
	12 300 000	**12 914 390**	**-**	**-**
Erf 2805, Jeppestown, Johannesburg (38 John Page Drive)				
- Purchase price	4 300 000	4 300 000	-	-
- Capital expenditure	399 251	399 251	-	-
- Fair value adjustment	(849 251)	(699 251)	-	-
	3 850 000	**4 000 000**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

11. Investment properties (continued)

Erf 640, Jeppestown, Johannesburg (Rodi Rose)

- Purchase price	5 297 742	5 297 742	-	-
- Capital expenditure	25 545 369	23 706 603	-	-
- Fair value adjustment	7 356 889	8 425 932	-	-
	38 200 000	**37 430 277**	**-**	**-**

Erf 246, Jeppestown, Johannesburg (33 Madison)

- Purchase price	450 000	450 000	-	-
- Capital expenditure	311 642	311 642	-	-
- Fair value adjustment	168 358	138 358	-	-
	930 000	**900 000**	**-**	**-**

Erf 2762, 60 John Page Drive, Jeppestown, Johannesburg

- Purchase price	2 200 000	2 200 000	-	-
- Capital expenditure	13 012 554	12 312 642	-	-
- Fair value adjusment	687 446	(412 642)	-	-
	15 900 000	**14 100 000**	**-**	**-**

The remaining extent of Erf 2825, 9 John Page Drive, Jeppestown, Johannesburg (Milner House)

- Purchase price	700 000	700 000	-	-
- Capital expenditure	4 164 483	4 130 483	-	-
- Fair value adjustment	(2 364 483)	(1 730 483)	-	-
	2 500 000	**3 100 000**	**-**	**-**

Erf 2788, 5 Doran Street, Jeppestown, Johannesburg (Catham House)

- Purchase price	8 000 000	8 000 000	-	-
- Capital expenditure	15 372 583	14 858 856	-	-
- Fair value adjustment	2 936 144	2 936 144	-	-
- Disposal	(26 308 727)	-	-	-
	-	**25 795 000**	**-**	**-**

Erf 512, 513, 514 and 515, Jeppestown, Johannesburg (Doran House)

- Purchase price	450 000	450 000	-	-
- Capital expenditure	87 697	87 697	-	-
- Fair value adjustment	862 303	-	-	-
	1 400 000	**537 697**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

11. Investment properties (continued)

Portion 1 of Erf 646, Portion 1 of Erf 648, Remaining Extent of Erf 649, RemainingExtent of Erf 647, Remaing Extent of Erf 654, Remaining Extent of Erf 651,Remaining Extent of Erf 655 and Portion 1 Erf 645, Jeppestown, Johannesburg (Karl House)

	Group 2022	Group 2021	Company 2022	Company 2021
- Purchase price	1 500 000	1 500 000	-	-
- Capitalised expenditure	12 466 554	12 112 717	-	-
- Fair value adjustment	4 812 283	4 812 283	-	-
- Disposal	(18 778 837)	-	-	-
	-	**18 425 000**	**-**	**-**

Details of valuation

All revaluations for 2021 were performed by an independent valuer that is not connected to the companies and have experience in the location and category of the investment property being revalued. The valuation was based on open market value for existing use on a capitalised cash flow basis. The capitalisation rate used ranged between 10%-13% and is determined from the market (i.e. the rate at which similar assets have traded recently), and is influenced in general by: rates of return of similar properties, risk, obsolescence, inflation, market rental growth rates, rates of return on other investments, as well as mortgage rates.

12. Loans to group companies

Subsidiaries*

	Group 2022	Group 2021	Company 2022	Company 2021
TUHF Properties Proprietary Limited	-	-	3 819 788	3 531 864
TUHF Limited	-	-	11 843 056	14 464 589
uMastandi Proprietary Limited	-	-	20 141 841	19 218 771
Intuthuko Equity Fund Proprietary Limited	-	-	12 986 887	17 828 557
Loans to group companies ECL	-	-	(2 186 000)	(4 201 412)
uMastandi Proprietary Limited#	-	-	-	17 219 162
Intuthuko Equity Fund Proprietary Limited#	-	-	-	45 905 349
Silverkey Proprietary Limited	97 750	-	-	-
Better Urban Living 2 Proprietary Limited	120 710	(78 685)	-	-
TUHF Limited	-	(4 593)	-	-
	218 460	**(83 278)**	**46 605 572**	**113 966 880**

#These loans relates to the grant funds paid over from TUHF21 NPC to Intuthuko and uMastandi and has been reclassified as investment in subsidiary in this financial year.

Joint ventures

	Group 2022	Group 2021	Company 2022	Company 2021
Risk Prop Proprietary Limited** The loan is unsecured, bears interest at prime plus 3% and is payable in 2023.	2 942 121	2 659 528	-	-
Pearl Property Investment Proprietary Limited** The loan is unsecured, bears interest at prime plus 5% and is payable in 2024.	3 151 620	2 792 844	-	-
Loans to group companies ECL	(271 517)	(441 319)	-	-
	5 822 224	**5 011 053**	**-**	**-**

*All these loans have been classified as stage 1 in 2022 (2021: stage 2)

**All these loans have been classified as stage 2 in 2022 (2021: stage 2)

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

12. Loans to group companies (continued)

Related parties

EGC Properties Proprietary Limited	-	4 067 067	-	-
Loans to related parties ECL	-	(4 067 067)	-	-
	-	**-**	**-**	**-**
Total	**6 040 684**	**4 927 775**	**46 605 572**	**113 966 880**

Loans to group companies asset	6 040 684	5 011 053	46 605 571	113 966 880
Loans from group companies liability	-	(83 278)	-	-
	6 040 684	**4 927 775**	**46 605 571**	**113 966 880**

Reconciliation of group related borrowings

Loans to related parties				
Opening balance	4 927 775	46 359 310	113 966 880	71 962 334
Advances	-	221 127	5 805 203	45 147 886
Interest	641 369	4 562 482	964 045	484 906
Advances non-cash	301 738	(83 276)	526 396	-
Repayments	-	-	(13 547 854)	(2 953 105)
Intercompany loans reclassified as Investment in subsidiaries	-	-	(63 124 511)	-
Loans no longer treated as related parties	(4 067 067)	-	-	-
Loans to group companies ECL	(271 517)	(441 319)	(2 186 000)	(4 201 412)
Loans to related parties ECL	-	(4 067 067)	-	-
Add back prior year loans to group ECL	441 319	244 111	4 201 412	3 526 271
Add back prior year loans to related parties ECL	4 067 067	754 789	-	-
Loans no longer joint venture	-	(42 622 382)	-	-
	6 040 684	**4 927 775**	**46 605 571**	**113 966 880**

Notes to the Financial Statements

13. Investments in subsidiaries

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

The company owns 32.81% (2021: 32.85%) of TUHF Holdings Limited but exerts control through a voting pool agreement.

Company

Name of company	Carrying amount 2022	Carrying amount 2021
TUHF Holdings Limited (Subsidiary investment)	26 333 333	26 333 333
TUHF Properties Proprietary Limited (Short-term bridging finance)	100	100
Intuthuko Equity Fund Proprietary Limited (Equity finance)*	63 413 649	100
uMastandi Proprietary Limited (Property financier)*	24 918 876	1
	114 665 958	26 333 534

* The increase in the investment in subsidiaries for Intuthuko Equity fund and uMastandi relates the change in classification of the loans to Intuthuko and uMastandi relating to the grant funds received from TUHF21 NPC and on transferred to each of the companies respectively as the right to pay contractual cashflow was changed and the loans are no longer a repayable loan.

14. Business combinations

During the prior financial year TUHF Equity Proprietary Limited acquired 100% control of two of its joint venture companies and a related party of one of the joint ventures. At the time the business combinations were provisionally accounted for as per the requirements of IFRS 3. The financial statments for these companies for 2021 have been finalised and management are restating the 2021 figures to apply the final accounting as per IFRS 3 for the business combination as is allowed by the IFRS 3 standard.

Silverkey Proprietary Limited

TUHF Equity bought the additional 50% ownership of Silverkey Proprietary Limited for R100 by way of a sale of shares agreement in May 2020. The purpose of the purchase was to obtain full ownership of the investment property portfolio following a dispute between the parties and a settlement arrangement that was reached. The investment in subsidiary is held at cost, consistent with the group accounting policy. The 50% investment held under the equity accounted method was revalued at the date of acquisition and de-recognised and the investment in subsidiary was brought in at the effective date.

The acquisition of Silverkey has been accounted for, as per the requirements of IFRS 3: Business combinations. Goodwill has been calculated based on the trial balance as at 31 May 2020. A bargain gain on purchase of R26.5 million was recognised in the consolidated financial statements of the group as a result of the fair value of the net assets value of R26.5 million exceeding the purchase consideration of R100.Three of the four buildings in this portfolio were completed during the prior financial year. In this financial year end, management concluded a sale agreement for two of the buildings namely Catham house and Karl house in the portfolio and the transfer was registered October 2021.

Control of the property management of the portfolio was obtained in May 2020 and is being managed by TUHF Equity. Income and expenditure from June 2020 to March 2021 has been included in the prior financial year Group figures.

Better Urban Living 2 Proprietary Limited

TUHF Equity bought the additional 50% ownership of Better Urban Living 2 Proprietary Limited in January 2021 for a consideration of R50. The purchase was a result of a settlement agreement reached between the shareholders as a result of the non- performance of the client and for the protection of the quality of the investment property portfolio held by Better Urban Living 2 Proprietary Limited. The investment in subsidiary is held at cost, consistent with the group accounting policy. The 50% investment held under the equity accounted method was revalued at the date of acquisition and de-recognised and the investment in subsidiary was brought in at the effective date.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

14. Business combinations (continued)

The acquisition of Better Urban Living 2 Proprietary Limited has been account for, as per the requirement of IFRS 3: Business Combinations. A goodwill amount of R20.7 million has therefore been recognised based on the trial balance as at 31 January 2021. The fair value of assets acquired of R79 million was less than the fair value of the of liabilities of R100 million, as recognised in the consolidated financial statements of the Group. Whilst management are confident that there is more value to be unlocked in the portfolio of this company in the coming years, the goodwill was impaired for the prior financial year.

Income and expenditure for February 2021 and March 2021 has been included in the prior financial year group figures.

Control of the property management of the portfolio was obtained in January 2021 and is being managed by TUHF Equity.

Jeppestown Urban Trust

As part of the settlement agreement reached between the shareholders of Better Urban Living 2 Proprietary Limited, TUHF Equity gained 100% control of the Jeppestown Urban Trust and became the new beneficiary of the Trust in January 2021. No consideration was paid for the control. The investment in the Trust is held at cost, in line with the group accounting policy.

The acquisition of Jeppestown Urban Trust has been accounted for, as per the requirements of IFRS 3: Business Combinations. The recorded fair values of assets and liabilities at acquisition is based on the signed audited financials as at the year end of the company being 28 February 2021. The fair value of the assets acquired of R196 million was higher than the fair value of the liabilities of R186 million. A bargain gain on purchase of R10.5 million is recognised in the consolidated financial statements of the Group as a result of the fair value of the net assets value acquired of R 10.5 million exceeding the purchase consideration of R nil.

Income and expenditure for March 2021 has been included in the prior financial year Group figures.

Control of the property management of the portfolio was obtained in January 2021 and is being managed by TUHF Equity.

Valuation method used in determining the fair value of the Asset and Liabilities of company acquired.

Assets:

The fair value of the Investment property assets were calculated using independent external valuers that performed an independent valuation on the buildings using the Income Capitalised Approach.

This comparative approach considers income and expense data relating to the property being valued and estimates value through a capitalisation process. Capitalisation relates to income (usually a net income figure) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (known as capitalisation rates), yield or discount rates (reflecting measures of return on investment). In general, the principal of substitution holds that the income stream which produces the highest return commensurate with a given level of risk leads to the most probable value figure. The capitalisation rate used ranged between 10%-13% and is determined from the market (i.e. the rate at which similar assets have traded recently), and is influenced in general by: rates of return of similar properties, risk, obsolescence, inflation, market rental growth rates, rates of return on other investments, as well as mortgage rates.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

14. Business combinations (continued)

Liabilities:

For liabilities, the outstanding amount at the date of control was used as that is considered to be the fair value of the liability at that given time.

Name of Business acquired	**Nature of Business**	**Effective date of control**	**Interest Acquired (%)**	**Purchase Consideration transferred (R)**
Silverkey Proprietary Limited	Property Investment held for rental Income	May-20	100 %	100
Better Urban Living 2 Proprietary Limited	Property Investment held for rental Income	Jan-21	100 %	50
Jeppestown Urban Trust	Property Investment held for rental Income	Jan-21	100 %	-

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

14. Business combinations (continued)

At the time of complilation of the 2021 financial statements the business combinations were provisionally accounted for as per the allowance of IFRS 3. The financial statments of these companies for 2021 has been finalised and management are restating the 2021 figures to apply the final accounting as per IFRS 3 for the business combination.

	-	-	-
Fair value of assets and Liabilities assumed at the date of acquisition	**Silverkey Proprietary Limited**	**Better Urban Living 2 Proprietary Limited**	**Jeppestown Urban Trust**
Assets			
Investment properties	72 050 000	68 200 000	139 800 001
Cash and Cash Equivalent	-	133 566	653 217
Deferred tax assset	2 144 271	7 627 353	54 688 272
Loans to group companies	-	180 522	-
Trade and other receiveables	2 518 549	3 280 790	1 034 844
Total assets	**76 712 820**	**79 422 231**	**196 176 334**
Liabilities			
Trade and other payable	1 922 354	9 031 254	18 451 818
Interest bearing debt	2 980 263	11 507 458	10 924 067
Shareholder loans	11 927 321	23 923 196	-
Loans from group companies	33 460 313	50 905 473	97 643 374
Deferred tax Llability	-	4 541 898	58 688 823
	-	-	-
Total Liabilities	**50 290 251**	**100 089 801**	**185 708 082**
Net assets/(liabilities) acquired	26 422 569	(20 667 570)	10 468 252
Total purchase consideration	100	50	-
Cash paid	**100**	**50**	**-**
(Goodwill)/ Bargain purchase*	**26 422 469**	**(20 667 620)**	**10 468 252**

*None of the goodwill arising on the acquisitions during the prior year was deducted for tax purposes.

Net carrying value at the beginning of the year	-	-
Net acquisition/ (disposals) of subsidiaries	-	20 667 620
Impairments**	-	(20 667 620)
Net carrying amount at the end of the year	**-**	**-**

**The impairment of goodwill in Better Urban Living 2 was a result of losses arrising from increased operating expenses and lower rentals as a result of the lack of maintenance and the high percentage of vacancies in the investment portfolio.

Goodwill impairment testing

Goodwill impairment occurs when the recognised goodwill associated with an acquisition is greater than its implied fair value. In determining the goodwill TUHF Equity used external property valuation to ascertain the fair value of the assets for the company's acquired. The fair value of the liabilities was the outstanding amount at the date of assessment and if the fair value of the asset was less than the fair value of the liabilities, the full amount of goodwill was required to be impaired.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

15. Investments in joint ventures

Joint ventures

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

Name of company	% Ownership interest 2022	% Ownership interest 2021	Carrying amount 2022	Carrying amount 2021
Risk Prop Proprietary Limited	50.00 %	50.00 %	4 560 043	3 683 930
Pearl Property Investment Proprietary Limited	50.00 %	50.00 %	500	500
			4 560 543	3 684 430

Aggregate amount of the group's share of profit/ (loss) after tax	2022	2021
Better Urban Living 2 Proprietary Limited	-	(2 279 727)
Silverkey Proprietary Limited	-	(100)
Risk Prop Proprietary Limited	876 113	1 274 783
Pearl Property Investment Proprietary Limited	-	(9 680)
Total	**876 113**	**(1 014 724)**

(1) The company purchased 50% of the share capital in Risk Prop Proprietary Limited in September 2018 and a shareholder's loan of R2 million has been advanced (see note 13 for details). A joint venture agreement has been signed for the development of the investment property.

(2) The company has purchased 50% of the share capital in Pearl Properties Investment Proprietary Limited in June 2019 and a shareholders loan of R2.2 million has been advanced (see note 13 for details). A joint venture agreement has been signed for the development of the investment property.

The unrecognised losses on these joint ventures amount to R0.64 million (2021: R10.6 million) In the current year the unregonised losses relate to Pearl Properties only whereas last year's figure is as a result of the sale of an associate which had unrecognised losses.

16. Unlisted investments

Mandatorily at fair value through profit or loss:	Group 2022	Group 2021	Company 2022	Company 2021
Urban Task Force Proprietary Limited	22 036 080	24 967 606	-	-
	22 036 080	**24 967 606**	**-**	**-**

Fair value disclosures

Group - 2022	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Investment in Urban Task Force Proprietary Limited	22 036 080	-	-	22 036 080	22 036 080

Group - 2021	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Investment Urban Task Force Proprietary Limited	24 967 606	-	-	24 967 606	24 967 606

Notes to the Financial Statements

16. Unlisted investments (continued)

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

17. Equipment

Group	2022			2021		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Office furniture and equipment	4 200 425	(3 607 638)	592 787	4 255 605	(3 672 466)	583 139
Computer hardware and telephones	7 344 289	(5 934 787)	1 409 502	6 576 803	(5 302 239)	1 274 564
Total	**11 544 714**	**(9 542 425)**	**2 002 289**	**10 832 408**	**(8 974 705)**	**1 857 703**

Reconciliation of equipment - Group - 2022

	Opening balance	**Additions**	**Depreciation**	**Total**
Office furniture and equipment	583 139	281 582	(271 934)	592 787
Computer hardware and telephones	1 274 564	832 850	(697 912)	1 409 502
	1 857 703	**1 114 432**	**(969 846)**	**2 002 289**

Reconciliation of equipment - Group - 2021

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Office furniture and equipment	925 424	62 865	-	(405 150)	583 139
Computer hardware and telephones	1 002 923	816 069	(5 201)	(539 227)	1 274 564
	1 928 347	**878 934**	**(5 201)**	**(944 377)**	**1 857 703**

Notes to the Financial Statements

18. Leases (group as lessee)

Right-of-use assets

2022	**Opening balance**	**Adjustments**	**Additions**	**Modifications**	**Depreciation**	**Total**
Office space (buildings)	14 623 490	46 291	2 769 508	-	(3 751 919)	13 687 370

2021	**Opening balance**	**Adjustments**	**Additions**	**Modifications**	**Depreciation**	**Total**
Office space (buildings)	8 258 342	(9 648)	224 522	9 958 480	(3 808 206)	14 623 490

Lease liabilities

2022	**Opening balance**	**Adjustments**	**Additions**	**Modifications**	**Payments**	**Interest expense**	**Total**
Office space (buildings)	16 045 530	(20 924)	2 769 508	-	(4 400 196)	1 453 744	15 847 663

2021	**Opening balance**	**Adjustments**	**Additions**	**Modifications**	**Payments**	**Interest expense**	**Total**
Office space (buildings)	9 227 649	(19 565)	224 522	9 585 231	(4 497 243)	1 524 936	16 045 530

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

18. Leases (group as lessee) (continued)

Finance lease liabilities

Maturity analysis				
Within one year	4 711 888	4 108 785	-	-
Two to five years	14 128 051	15 694 033	-	-
More than five years	-	-	-	-
Total undiscounted lease liabilities at 31 March 2022	**18 839 939**	**19 802 818**	**-**	**-**

Lease liabilities in the statement of financial position at 31 March 2022				
Non-current liabilities	12 577 288	13 271 171	-	-
Current liabilities	3 270 375	2 774 359	-	-
Total	**15 847 663**	**16 045 530**	**-**	**-**

19. Intangible assets

Group	2022			2021		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Computer software	21 844 468	(17 492 697)	4 351 771	20 511 229	(15 406 771)	5 104 458

Reconciliation of intangible assets - Group - 2022

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	5 104 458	1 333 238	(2 085 925)	4 351 771

Reconciliation of intangible assets - Group - 2021

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	4 785 034	2 538 539	(2 219 115)	5 104 458

20. Deferred tax

Deferred tax liability

Accelerated depreciation	(1 174 978)	(1 429 248)	-	-
Deferred and prepaid expenses	(2 898 369)	(3 664 245)	(305)	(88)
Fair value adjustment - Unlisted investments	(2 938 913)	(3 704 424)	-	-
Fair value adjustment - Derivatives	(118 618)	-	-	-
Fair value adjustment - Investment property	(2 638 995)	-	-	-
Prior year adjustment	-	(647)	-	-
Investment Property	(68 374 542)	(63 773 094)	-	-
Total deferred tax liability	**(78 144 415)**	**(72 571 658)**	**(305)**	**(88)**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

20. Deferred tax (continued)

Deferred tax asset

Provision for bonus	2 910 788	349 285	189 000	-
Loan impairments	4 432 645	4 057 412	-	-
Deferred income	3 574 893	1 353 685	-	-
Provision for bad debts	5 688 489	7 980 025	-	-
Intercompany ECL	752 536	757 409	354 132	705 838
Fair value hedge	-	391 862	-	-
IFRS 16 leases	295 012	84 040	-	-
Assesed tax loss	82 251 369	74 299 563	-	-
Share scheme	494 191	820 225	-	-
Total deferred tax asset	**100 399 923**	**90 093 506**	**543 132**	**705 838**

Deferred tax liability	(78 144 415)	(72 571 658)	(305)	(88)
Deferred tax asset	100 399 923	90 093 506	543 132	705 838
Total net deferred tax asset	**22 255 508**	**17 521 848**	**542 827**	**705 750**

Reconciliation of deferred tax asset / (liability)

At beginning of year	17 521 848	19 364 243	705 750	592 326
Provision	2 561 503	27 462	189 000	-
Accelerated depreciation	254 270	(89 439)	-	-
Current year charge - movement on loan impairment	(1 916 302)	(9 733 188)	-	-
Deferred income	2 221 208	(4 182 628)	-	-
Deferred and prepaid expenses	765 877	(2 133)	(217)	-
Fair value adjustment	(2 383 964)	567 838	-	-
Share scheme	(326 034)	-	-	-
Intercompany ECL	(4 873)	703 017	(351 706)	113 424
IFRS 16 leases	210 972	234 051	-	-
Fair value adjustment on investment properties	(3 963 039)	(63 773 094)	-	-
Deferred tax asset on assesed loss	7 314 042	73 850 506	-	-
Prior year adjustments	-	555 213	-	-
	22 255 508	**17 521 848**	**542 827**	**705 750**

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

The effect of the change in tax rate from 28% to 27% has not been disclosed separately but has been accounted for in the movement for 2022 on each of the line items disclosed.

In his speech in February 2022, the Minister of Finance announced a budgeted change in the corporate income tax rate from 28% to 27%. The new corporate income tax rate of 27% is effective for all financial year-ends commencing 1 April 2022. Therefore the applicable tax rate used in the tax rate reconciliation is 28% as this is the corporate tax rate still applicable as at the end of the financial period. Deferred tax, however, is measured at tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The 27% tax rate has been “substantively enacted” in South Africa with effect from the date of the budget speech. Therefore, deferred tax for the current year is measured at 27%, as the timing difference is expected to reverse in a tax period when the new tax rate will be effective.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

21. Non-distributable reserves

A grant agreement was entered into between TUHF Limited and National Treasury to advance R200 million to TUHF Limited over 3 years. The funds will be combined with R800 million senior debt to lend to end user clients.To date R157 million has been received and on lent to end users. TUHF Limited has the unconditional right to avoid the repayment of these funds as at 31 March 2022.

A grant agreement was entered into between TUHF21 NPC and National Treasury to advance R75 million to TUHF21 NPC over 3 years. The money will flow down to Intuthuko Equity Fund Proprietary Limited where it will be used to lend to user clients. To date R63.4 million has been received and on lent to end users. These funds are not available for distribution to owners. TUHF21 NPC has the unconditional right to avoid the repayment of these funds as at 31 March 2022.

A grant agreement was entered into between TUHF21 NPC and National Treasury to advance R25 million to TUHF21 NPC over 3 years. The money will flow down to uMastandi Proprietary Limited where it will be used to lend to user clients. To date R24.9 million has been received and on lent to end users. These funds are not available for distribution to owners. TUHF21 NPC has the unconditional right to avoid the repayment of these funds as at 31 March 2022.

A grant agreement was entered into between TUHF21 NPC and the Oppenheimer Trust to advance R22.5 million to TUHF21 NPC. The money will flow down to uMastandi Proprietary Limited where it will be used to lend to user clients as well as be used in TUHF21 NPC for development impact initiatives. These funds are not available for distribution to owners. TUHF21 NPC has the unconditional right to avoid the repayment of these funds as at 31 March 2022.

Grant received National Treasury (TUHF Limited)	157 499 759	157 499 759	-	-
Grant received National Treasury (Intuthuko)	63 413 549	45 905 349	63 413 549	45 905 349
Grant received National Treasury (uMastandi)	24 918 875	17 219 162	24 918 875	17 219 162
Grant received (Oppenheimer Trust)	22 504 941	22 504 941	22 504 941	22 504 941
	268 337 124	**243 129 211**	**110 837 365**	**85 629 452**

22. Trade and other payables

Financial instruments:				
Trade payables	55 367 891	58 101 604	15 252 275	14 209 530
Unallocated cash receipts	1 395 360	80 492	-	-
Bonus and leave pay	10 780 698	1 247 365	700 000	-
Deposits received	506 525	712 038	-	-
Other payables	453 221	148 896	65 024	-
Non-financial instruments:				
VAT	331 378	20 762	1 253	20 762
	68 835 073	**60 311 157**	**16 018 552**	**14 230 292**

The balance at year end is considered current.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

23. Financial liabilities

Held at amortised cost				
Secured				
National Housing Finance Corporation SOC Limited The loan of R50 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 2%. Interest and capital are repaid over the remaining term and will be repaid by September 2024.	11 903 780	15 708 590	-	-
National Housing Finance Corporation SOC Limited The loan of R50 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 2%. Interest and capital are repaid over the remaining term and will be repaid by 30 November 2024.	22 824 740	26 332 360	-	-
Development Bank of South Africa SOC Limited The loan of R50 million from the Development Bank of South Africa SOC Limited is at an interest rate of prime minus 2%. Interest and capital are repaid over the remaining term and will be repaid by September 2022.	3 109 492	9 076 456	-	-
Development Bank of South Africa SOC Limited The loan of R100 million from the Development Bank of South Africa SOC Limited is at an interest rate of prime minus 2%. Interest and capital are repaid over the remaining term and must be repaid in full by 30 June 2024.	24 088 721	33 944 523	-	-
Future Growth Asset Management The loan of R100 million from Future Growth Asset at an interest rate of prime minus 0,75%. The facility was fully repaid in February 2022.	-	15 085 048	-	-
National Housing Finance Corporation SOC Limited The loan of R100 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 2%. Interest and capital are repaid over the remaining term and will be repaid by July 2028.	50 150 087	57 425 400	-	-
National Housing Finance Corporation SOC Limited The loan of R25 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 2%. Interest and capital are repaid over the remaining term and will be repaid by July 2029.	11 466 853	12 901 838	-	-
National Housing Finance Corporation SOC Limited The loan of R120 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 0.5%. Interest and capital are repaid over the remaining term and will be repaid in full by December 2025.	50 586 403	62 274 936	-	-
Development Bank of South Africa SOC Limited The loan of R200 million from the Development Bank of South Africa Limited is at an interest rate of prime minus 1.0%. Interest and capital are repaid over the remaining term and must be repaid in full by 31 December 2024.	63 781 470	84 357 485	-	-
Cadiz Life and Asset Management The loan of R40 million from Cadiz Life and R10 million from Cadiz Asset Management is at an interest rate of prime plus 0.25%. The facility period was extended for another 60 months in June 2015. The facility was fully repaid in May 2021.	-	23 801 744	-	-

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021
23. Financial liabilities (continued)				
Futuregrowth Asset Management The loan of R250 million from Futuregrowth Asset Management is at an interest rate of prime plus 0.5%. The facility is fully drawn and interest and capital are paid monthly. The facility was fully repaid in August 2021.	-	87 579 320	-	-
Mergence Investment Managers The loan of R15 million from Mergence Investment Managers is at an interest rate of prime less 0.5%. The facility is fully drawn and interest and capital are paid monthly. The facility is repayable in full by August 2026.	7 364 309	8 755 586	-	-
Public Investment Corporation The loan of R300 million from the Public Investment Corporation is at an interest rate of prime less 2%. The facility is fully drawn and interest and capital are paid monthly. The facility is repayable in full by December 2027.	157 761 212	183 075 813	-	-
Futuregrowth Asset Management The loan of R300 million from Futuregrowth Asset Management acting as facility agent on behalf of Senior Lenders is at an interest rate of prime plus 0.2%. R200 million is repayable in equal monthly instalments of capital and interest calculated and interest calculated according to a 144-month amortisation profile as from 13 June 2013 and a final single payment on 15 July 2023. R100 million is repayable in equal monthly instalments of capital and interest calculated according to a 144-month amortisation profile as from 15 January 2014 and a final single payment 15 January 2024.	132 878 977	165 285 432	-	-
Standard Bank Warehouse A R700 million warehouse revolving facility bearing interest at a rate of 3-month JIBAR rate plus a margin of 3.25%, with the 3-month JIBAR rate resetting quarterly. Interest is payable on a monthly basis and capital can be repaid and redrawn on a revolving basis. The facility is renewable every 12months, with the contractual maturity being 17 years after the availability period.	113 256 715	378 512 569	-	-
National Housing Finance Corporation SOC Limited The preference shares are issued to the National Housing Finance Corporation SOC Limited and are at an interest rate of prime less the corporate tax rate, currently 6,3%. Dividend payments have been accrued. The preference shares are redeemable in 2022 and rank after secured loans for repayment.	40 314 784	38 515 745	-	-
Futuregrowth Asset Management The loan of R200 million from Futuregrowth Asset Management is at an interest rate of prime plus 0.20%. The facility is fully drawn as funds are required and interest and capital are paid monthly. The loan is repayable in equal installments and is repayable in full by September 2024.	78 172 469	105 418 780	-	-
Mergence Investment Managers The loan of R11 million from Mergence Investment Managers is at an interest rate of prime. The facility is fully drawn and interest and capital are paid monthly. The facility is repayable in full by December 2090.	8 157 997	8 922 216	-	-

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021
23. Financial liabilities (continued)				
Bjala Investments This loan account is unsecured ,interest free,and has no fixed terms of repayment.	-	6 276 995	-	-
Futuregrowth Asset Management The loan of R60 million from Futuregrowth Asset Management is at an interest rate of prime plus 0.25%. The facility is fully drawn and interest and capital are paid monthly on the remainder of the term facility will be fully paid by March 2026.	33 389 948	40 061 361	-	-
Futuregrowth Asset Management The loan of R100 million from Futuregrowth Asset Management is at an interest rate of prime plus 0.40%. The facility is fully drawn and interest and capital are paid monthly. The facility is repayable in full by December 2026.	62 401 623	72 774 249	-	-
National Housing Finance Corporation SOC Limited The loan of R200 million from National Housing Finance Corporation SOC Limited is at an interest rate of prime plus 0.25%. Interest and Capital are paid monthly. The facility is fully drawn and interest and capital is repaid over the remaining term. The facility is repayable in full by February 2033.	168 477 798	181 985 138	-	-
Nedbank Limited The loan of R100 million from Nedbank is at an interest rate of prime. The facility is fully drawn and interest is payable on a monthly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by July 2022.	98 291 954	98 291 954	-	-
Novo Impact Fund The loan of R10 million from Novo Impact Fund is at an interest rate of prime less 0,5%. The facility is fully drawn and interest is payable on a monthly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by May 2024.	10 056 693	10 051 969	-	-
Novo Impact Fund (Previously The New Housing Company) - 10 million The loan of R10 million from Novo Impact Fund is at an interest rate of prime less 2%. The facility is fully drawn, and interest is payable on a monthly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by July 2024.	1 489 661	1 488 961	-	-
Novo Impact Fund (Previously The New Housing Company) - 5 million The loan of R5 million from Novo Impact Fund is at an interest rate of prime less 2%. The facility is fully drawn, and interest is payable on a monthly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by December 2026.	3 876 785	3 874 961	-	-
Gauteng Partnership Fund (GPF) - 10 million The loan of R10 million from the Gauteng Partnership Fund is at a rate of prime less 2%. The facility was repaid in April 2021.	-	14 441 210	-	-

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021
23. Financial liabilities (continued)				
Novo Impact Fund (Previously The New Housing Company) - 5 million The loan of R5 million from Novo Impact Fund is at an interest rate of prime less 2%. The facility is fully drawn, and interest is payable on a monthly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by May 2022.	5 035 191	5 032 822	-	-
National Housing Finance Corporation SOC Limited The loan of R60 million from National Housing Finance Corporation SOC Limited is at an interest rate of prime plus 2%. The facility is fully drawn. The capital and interest will be repaid in a single payment at the end of the term. The facility was repaid in September 2021.	-	69 278 255	-	-
Ashburton Asset Management The loan of R90 million from Ashburton is at prime rate. The facility is fully drawn and interest is payable on a monthly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by May 2024.	90 540 616	90 500 548	-	-
Lionshead (ALCB Fund) The loan of R100 million from Lionshead (ACLB Fund) is at a fixed interest rate of 10,25% for the first 12 months. Step-up interest rate of the fixed rate equivalent of 3M JIBAR plus 3.75% came into effect from October 2020 to March 2021. A further step up of the fixed rate equivalent of 3M JIBAR plus 4.25% applies from April 2021 to September 2021. The facility is fully drawn, and interest is payable on a quarterly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by September 2021.	-	100 130 401	-	-
Small Enterprise Finance Agency (SEFA) The loan of R60 million from SEFA is at prime rate. The facility is fully drawn and interest is payable on a monthly basis. The capital will be repaid on a monthly basis with a 6 months moratorium from first draw date. The facility was repaid in full in May 2022.	26 477 784	28 850 754	-	-
Domestic Medium Term Note Programme: A Listed and rated domestic medium term note was raised on 26 January 2017. The term of the notes is 3 years and the interest rate is the 3 month JIBAR rate plus a margin of 3.25%. The capital is repayable in October 2024. The note has been fully subscribed and the participants are listed below: All the notes were fully repaid on the due date.				
Sanlam Asset Management	283 465 203	283 293 889	-	-
Nedbank Limited Mortgage loan granted by Nedbank Limited at Prime +0.50%. The facility is repayable March 2025.	1 015 781	1 314 963	-	-
EGC Properties Proprietary Limited This loan account is unsecured, interest free, and has no fixed terms of repayment.	-	2 980 263	-	-

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021
23. Financial liabilities (continued)				
National Housing Finance Corporation SOC Limited The loan of R40 million is a shareholder loan granted to TUHF Holdings. The Interest rate is fixed at 18% for the duration of the loan Interest is paid quarterly. The facility was fully repaid March 2022.	-	40 611 507	-	-
Futuregrowth asset manager The loan of R15.2 million is a shareholder loan granted to TUHF Holdings. The interest rate is fixed at 18% for the duration of the loan. Interest is paid quarterly. The facility was fully repaid March 2022.	-	15 420 838	-	-
Mortgage-backed securities A listed mortgage-backed securitisation concluded December 2019. Interest is priced at 3-month JIBAR plus a specified margin for each tranche of notes, with the 3-month JIBAR rate resetting quarterly. The margins range from 2.22% to 10% across the various notes. Interest and capital are payable quarterly in terms of the TUHF Urban Finance (RF) priority of payment until all obligations are fully settled. The structure has a contractual maturity date of May 2039 and open to the first refinance in January 2025.				
A Class Noteholders	387 545 489	448 574 984	-	-
B Class Noteholders	45 085 463	52 183 010	-	-
D Class Noteholders	21 013 596	24 321 182	-	-
Mortgage-backed securities A listed mortgage-backed securitisation concluded in March 2021. Interest is priced at 3-month JIBAR plus a specified margin for each tranche of notes, with the 3-month JIBAR rate resetting quarterly. The margins range from 1.55% to 3.80% across the various notes. Interest and capital are payable quarterly in terms of the Urban Ubomi 1 (RF) priority of payment until all obligations are fully settled. The structure has a contractual maturity date of May 2043 and open to the first refinance in May 2024.				
Class A1 Noteholders	144 573 521	202 259 849	-	-
Class A2 Noteholders	311 425 565	309 447 017	-	-
Class A4 Noteholders	27 199 333	-	-	-
Class A5 Noteholders	285 321 127	-	-	-
Class B Noteholders	192 625 848	73 111 006	-	-
Class C Noteholders	37 368 934	25 046 029	-	-

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

23. Financial liabilities (continued)

All the loans/notes issued are secured by cessions of all the rights, titles and/or interests the group holds or which it may acquire in future, arising out of, or in connection with the end-user agreements, which have been financed by the respective funding facilities.

	Group 2022	Group 2021	Company 2022	Company 2021
Held at fair value				
Eskom Pension Fund The loan of R200 million from Eskom Pension and Provident Fund (EPPF) is priced at CPI plus 3%. Pricing was swapped to JIBAR-linked pricing through a CPI-JIBAR interest rate derivative. The swapped rate for the facility is 3-month plus 1.72%. The facility is fully drawn. The Capital is repayable in 34 instalments after an 18-month moratorium from first draw date, ending in February 2023. The facility matures in May 2031.	202 854 128	-	-	-
Fair value hedge liability TUHF Limited has entered into an interest rate swap with Standard Bank, the nominal amount of transaction is R562 412 460. The derivative swaps 3-month JIBAR rate on the nominal amount for prime rate cash flows. This is part of a series of interest rate swaps entered into by the group to protect the senior note tranches of Urban Ubomi 1 (RF) against interest rate basis risk. The maturity date of the swap is 15 May 2043. The swap is balance guaranteed so the nominal value will automatically go to zero on the coupon step-up date, currently is May 2026.	4 030 943	7 017 022	-	-
Buffet Investment The loan is unsecured and deeply subordinated to all loans made in Jeppestown Urban Trust or to be made to Jeppestown Urban Trust after conclusion of the settlement agreement signed 19 January 2021. The loans is interest free and repayable by December 2024.	10 472 009	9 688 499	-	-
	3 229 853 002	3 535 283 477	-	-
Deferred raising fees**	(10 052 102)	(12 316 241)	-	-
	3 219 800 900	**3 522 967 236**	**-**	**-**

**The current portion of the deferred raising fee is R2 400 405 (2021: R2 481 235)

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

24. Share based payment reserve

Opening balance	12 515 956	6 997 098	-	-
Awards vested during the year	(9 017 078)	-	-	-
Shares awarded not yet vested	5 845 952	5 518 858	-	-
	9 344 830	**12 515 956**	**-**	**-**

TUHF Conditional Share Plan:

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

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

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

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

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

At the end of the period under review, TUHF Limited held 712 747 (2021: 1 997 621) treasury shares in TUHF Holdings Limited.

On 1 April 2019 and 23 September 2019, grant letters were awarded to employees for 5 234 292 shares that will vest over the period April 2021 to April 2024 subject to specific service and performance conditions being met. The assessed fair value at grant date of share awards granted during the year ended 31 March 2020 was R6.31 per share. No shares were granted in the financial year ending 31 March 2021. The fair value at grant date is determined using management’s best estimates of the following assumptions;
* 100% probability of meeting performance conditions; and
* 11% (2021: 5%) attrition rate for qualifying employees.

25. Interest income

Interest on advances	327 276 706	372 379 878	-	-
Interest on advances to related company	-	-	964 045	484 905
Interest on call deposits	6 713 686	4 209 746	249 744	166 754
Interest on guarantee deposits	231 097	129 993	-	-
Interest on staff loans	(3 045)	9 569	-	-
Interest received from SARS	119 240	331 183	3 797	46 715
Interest Received on derivative collatarel	53 964	-	-	-
	334 391 648	**377 060 369**	**1 217 586**	**698 374**

Raising fee income of R78 781 (2021: R 17 822 514) was recognised in the financial year under review and is included in interest on advances for group.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

26. Interest expenses

Interest on borrowings	218 352 661	237 708 563	274 965	280 322
Interest on fees on current account	3 054	4 133	24	-
Interest paid - preference shares	1 799 038	1 810 948	-	-
Interest paid to SARS	1 802	21 413	-	5 423
Interest expense - lease liability	1 440 772	1 524 936	-	-
Interest on shareholders loans	9 280 763	3 159 837	-	-
	230 878 090	**244 229 830**	**274 989**	**285 745**

Raising fees and legal fees of R3 264 140 (2021: R 3 558 378) were recognised in the financial year under review and are included in interest on borrowings for group.

27. Expected credit losses

Stage 1	2 765 793	(38 168 169)	-	-
Stage 2	(918 064)	(6 056 313)	(2 015 412)	675 139
Stage 3	(17 114 037)	36 165 031	-	-
	(15 266 308)	**(8 059 451)**	**(2 015 412)**	**675 139**

28. Other operating income

Rental income on investment property	20 180 353	3 129 122	-	-
Rental income	1 033 986	1 273 390	-	-
Agency fee income	1 501 499	1 501 500	1 501 500	1 501 500
Management and incentive fees	746 207	1 492 413	-	-
Sundry income	7 450 165	3 370 728	-	-
Dividends received	315 000	285 250	-	-
	31 227 210	**11 052 403**	**1 501 500**	**1 501 500**

Notes to the Financial Statements

		Group		Company	
Figures in Rand		2022	2021	2022	2021

29. Other operating gains (losses)

Fair value - Investment property	10	18 128 266	(31 591 994)	-	-
Loss on sale of property		(2 664 587)	-	-	-
Fair value - derivatives*		3 938 897	(1 399 508)	-	-
Unlisted investments		(2 015 682)	394 605	-	-
Impairment of Goodwill		-	(20 667 620)	-	-
Bargain gain on purchase		-	36 890 721	-	-
Fair value - Interest bearing borrowings**		(2 100 063)	-	-	-
Debt forgiveness	23	9 490 554	-	-	-
Fair value adjustment - Buffet loan***		(363 770)	-	-	-
		24 413 615	**(16 373 796)**	**-**	**-**

TUHF Limited Company

*Fair value of the swaps have been determined using expected cashflows based on the respective 3-month JIBAR and Prime interest rate forward curves, a PD 3.449% and LGD of 75% was used for the CVA and DVA calculations.

Fair value of the debt has been determined using expected cashflows based on the Consumer Price Index (CPI) forward curves, a PD of 3.44% and LGD 75% was used in the the CVA and DVA calculations.

Fair value of the swap has been determined using expected cashflows based on the Consumer Price Index (CPI) forward curves, a PD of 0.14% and LGD 60% was used in the the CVA and DVA calculations.

Urban Ubomi 1 (RF) Limited

*Fair value of the swaps have been determined using expected cashflows based on the respective 3-month JIBAR and Prime interest rate forward curves, a PD 0.14% and LGD of 60% was used for the CVA and DVA calculations.

**** Fair value Interest bearing liabilities**
Fair value of the loan with the Eskom Pension and Provident fund has been determined using expected cashflows based on the Consumer Price Index (CPI) forward curves, a PD of 3.44% and LGD 75% was used in the the CVA and DVA calculations.

***** Fair value- Buffet loan**
The loan with Buffet Investment is regonised at fair value and a net present value calculation is performed to calculate the fair value adjustment. The net present value calculation uses the future outstanding balance of R15 million discounted using a discount rate of Prime +5% over the remaining period of the loan.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

30. Other operating expenses

Auditors remuneration	6 290 707	4 980 078	-	-
Consulting fees	17 156 937	20 928 593	224 066	304 096
Depreciation and amortisation	3 055 771	3 163 488	-	-
Depreciation - Leases	3 751 919	3 808 206	-	-
Employee costs	80 230 702	56 236 911	7 979 517	-
Financial administration	1 228 069	1 068 838	-	-
Information technology costs	3 432 980	2 711 883	-	-
Marketing	2 733 803	1 553 794	-	-
Office rental	-	26 727	-	-
Other expenses	32 620 619	14 045 490	711 050	246 499
Project management	1 929 193	2 250 914	-	-
Telephone and fax charges	1 357 837	1 155 261	77 933	-
Training and skills development	2 176 311	4 282 198	80 043	-
Utilities	1 255 891	953 351	-	-
Valuations	827 767	1 463 453	-	-
VAT - input VAT not claimable as it relates to non taxable supplies	5 490 078	5 307 112	44 628	16 736
Bad debts	150 675	-	-	-
	163 689 259	**123 936 297**	**9 117 237**	**567 331**

31. Employee benefit expense

Employee costs included in note 30, comprises:

Employee costs				
Employee costs salaried staff	50 360 243	41 087 488	-	-
Directors emoluments	19 689 157	6 011 364	-	-
Non-executive directors	4 335 350	3 619 200	-	-
Share-based payment	5 845 952	5 518 859	-	-
	80 230 702	**56 236 911**	**-**	**-**

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

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

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

Provident fund	7 240 209	6 289 733	-	-

32. Investment income

Interest income				
Loans to joint ventures:				
Interest income	641 369	2 491 927	-	-
Equity accounting earnings/ (losses) on joint ventures	876 113	(1 014 474)	-	-
Total investment income	**1 517 482**	**1 477 453**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

33. Taxation

Major components of the tax expense

Current				
Local income tax - current period	12 475 838	9 660 900	-	-
Deferred				
Deferred tax liability	(4 733 016)	2 735 662	162 923	(113 424)
	7 742 822	**12 396 562**	**162 923**	**(113 424)**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit (loss)	12 248 914	13 109 753	(4 657 728)	671 659
Tax at the applicable tax rate of 28% (2021: 28%)	3 429 696	3 670 731	(1 304 164)	188 065
Tax effect of adjustments on taxable income				
Assessed loss utilised	(437 213)	-	-	(301 489)
Fair value adjustment on investment properties	221 930	981 489	-	-
Non taxable fair value adjustment	(393 216)	50 616	-	-
Assesed loss created	2 451 552	6 656 021	1 448 045	-
Non deductible expenses	1 250 641	1 035 757	-	-
Exempt dividend	(88 200)	-	-	-
Non taxable income	(511 150)	-	-	-
SARS interest and penalties	505	1 948	(1 063)	-
Deferred tax adjustment for change in tax rate	815 325	-	20 105	-
No assessed loss created	1 002 952	-	-	-
	7 742 822	**12 396 562**	**162 923**	**(113 424)**

34. Commitments

Loans and Advances

As at 31 March, the Group have total unpaid commitments of R317 million (2021: R386 million). The commitments are contractual but not irrevocable as several conditions must be met to TUHF'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 R98 million (2021: R107 million). Upon a detailed analysis of the projects, the actual commitments reduced to R91 million (2021: R55 million) as some properties will be sold in their current configuration and in other instances amounts originally provided are no longer required.

35. Borrowing capacity

In terms of the company's memorandum of incorporation the borrowing powers of the company are unlimited except where any indebtedness, other than trade debt in the ordinary course of business, is limited to R20 million. Undertakings have also been given to certain lenders of maintaining a debt to capital ratio of 90%.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

36. Related parties

Subsidiaries	Refer to note 13
Joint ventures	Refer to note 15

Related party balances

For the related party balances please refer to note 12.

Related party transactions

	Group 2022	Group 2021	Company 2022	Company 2021
NHFC				
Interest paid	25 066 482	30 399 447	-	-
Futuregrowth				
Interest paid	28 512 403	44 836 955	-	-
PIC				
Interest paid	8 519 661	9 988 685	-	-
TUHF Properties Proprietary Limited				
Interest received	-	-	(287 923)	(293 548)
Intuthuko Equity Fund Proprietary Limited				
Interest received	-	-	(342 315)	(29 355)
uMastandi Proprietary Limited				
Interest received	-	-	(142 069)	(41 131)
TUHF Limited				
Interest received	-	-	(191 737)	(204 264)
Managing fees	-	-	247 547	1 492 413
	-	**-**	**55 810**	**1 288 149**
Jeppestown Urban Trust				
Interest received	-	(8 392 006)	-	-
Better Urban Living 2 Proprietary Limited				
Interest received	-	(7 003 039)	-	-
SilverKey Proprietary Limited				
Interest received	-	(5 358 863)	-	-
Risk Prop Proprietary Limited (Joint Venture)				
Interest received	(282 594)	(256 199)	-	-
Pearl Property Investment Proprietary Limited (Joint Venture)				
Interest received	(358 775)	(318 508)	-	-

Key management compensation:

All members of the board are considered key management. Refer to note 37 for details of fees paid to directors.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

36. Related parties (continued)

The following shareholders in TUHF Holdings which is the holding company of TUHF Limited has provided the wholesale loan facility as stated below to TUHF Limted amounting to R1 403.1 million (2021: R2 013.5 million).

NHFC				
Total NHFC debt facilities: capital advanced	643 094 757	703 594 757	-	-
Loan balance as at 31 March	315 409 661	425 906 516	-	-
Interest paid	25 066 482	30 399 447	-	-
Interest and capital repayments	135 563 337	44 297 848	-	-
Futuregrowth				
Total facilities	660 000 000	1 010 000 000	-	-
Loan balance as at 31 March	306 843 017	486 204 191	-	-
Interest paid	28 512 403	44 836 955	-	-
Interest and capital repayments	207 873 577	210 549 909	-	-
PIC				
Total facilities	299 980 457	299 980 457	-	-
Loan balance as at 31 March	157 761 212	183 075 813	-	-
Interest paid	8 519 661	9 988 685	-	-
Interest and capital repayments	33 834 262	21 887 673	-	-

37. Directors' emoluments

Group

Executive

2022

	Cash component	Bonus	Provident fund	Other	Shares vested	Total
PGN Jackson	3 044 279	1 450 000	587 549	220 256	9 017 078	14 319 162
LN Netshitenzhe	1 707 538	265 000	313 551	131 407	-	2 417 496
IL Roodt	1 941 690	580 000	350 573	80 237	-	2 952 500
	6 693 507	**2 295 000**	**1 251 673**	**431 900**	**9 017 078**	**19 689 158**

2021

	Cash component	Provident fund	Other	Total
PGN Jackson	2 939 931	558 039	222 347	3 720 317
LN Netshitenzhe	1 080 537	213 572	128 111	1 422 220
IL Roodt	1 875 996	332 381	82 670	2 291 047
	5 896 464	**1 103 992**	**433 128**	**7 433 584**

Notes to the Financial Statements

37. Directors' emoluments (continued)

Non-executive

2022

	Directors' fees	Total
SS Moraba	460 000	460 000
T Adler	655 650	655 650
C Coovadia	710 400	710 400
RR Emslie	671 400	671 400
JF Howard	380 000	380 000
JK Mamatela	377 500	377 500
JS Strelitz	435 000	435 000
L Vutula	338 900	338 900
B Mapongwana	306 500	306 500
	4 335 350	**4 335 350**

2021

	Directors' fees	Total
SS Moraba	432 000	432 000
T Adler	461 400	461 400
C Coovadia	616 400	616 400
RR Emslie	563 400	563 400
JF Howard	286 000	286 000
JK Mamatela	356 000	356 000
JS Strelitz	378 000	378 000
L Vutula	299 000	299 000
B Mapongwana	227 000	227 000
	3 619 200	**3 619 200**

38. Contingencies

The rules of the group's Conditional Plan requires that all participants who leave the employ of any group company for any reason whatsoever, will offer to sell their shares to TUHF Limited.

Should TUHF Limited not accept this offer, the participant must offer to sell the shares to other participants in the Plan and failing this being accepted, the offer must be extended to all other shareholders in the company.

39. Going concern

The annual 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 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.

40. 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.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

41. Restatement

IFRS 3 Final accounting

The group 2021 financial statements have been restated in accordance with IFRS 3 Business Combinations standard which allows the company to restate the prior year provisional accounting figures to correctly reflect the business combinations aquired. The company figures for 2021 remains the same.

Income and expenditure from date of control (Consolidation of subsidiaries)

This refers to the income and expenditure from date of control as well as changes to the numbers prevouisly included in the consolidated balance sheet reported on.

Material changes explained:

1. Intercompany accounts to the value of R10 million that were not eliminated on the prevouisly reported balance sheet for the group as at 31 March 2021 and have now been eliminated in the restated figures.

2. A decrease in the value of the property portfolios of one of the companies acquired based on external valuations obtained as at 31 March 2021 but not implemented as part of the previously reported numbers, resulted in a negative fair value adjustment on the income statement of R27 million, and a net movement of R27 million in the balance sheet. The other portion of the net income statement impact of R4 million relates to the understatement of the amounts per the trial balance as at 31 March 2021. The total cost plus revaluations done at the take on date resulted in the trial balance exceeding the values as per the external valuations done at 31 March 2021. In order to match the trial balance values for the portfolio to the external valuations a negative revaluation journal was passed.

3. The increase of R 18 million in cash from investment activities relates to the capital expenditure incurred on the property portfolio of the companies that were acquired.

4. The decrease in the amount for repayment of financial liabilities is due to an eliminating entry that was not done to eliminate amounts paid relating to the E Note in TUHF Urban finance held by TUHF Limited.

Notes to the Financial Statements

41. Restatement (continued)

Statement of Financial Position

	Notes	Group			
		As per signed AFS	**IFRS 3 final accounting**	**Consolidation of subsidiaries**	**Restated Amount**
Assets					
Cash and cash equivalents		148 833 031	786 782	378 071	149 997 884
Money market assets		11 294 777			11 294 777
Current tax receivable		9 343 286			9 343 286
Loans and advances	1	3 632 547 591		(10 277 796)	3 622 269 795
Other assets		37 712 752	6 834 084	389 463	44 936 299
Properties in Posession		11 400 000			11 400 000
Investment property	2	297 623 481	180 000	(27 758 608)	270 044 873
Loans to group companies and related parties		5 011 053	180 525	(180 525)	5 011 053
Investments in subsidiaries					
Investments in joint ventures		3 684 430			3 684 430
Unlisted investments		24 967 606			24 967 606
Equipment		1 857 705	1	(3)	1 857 703
Right-of-use assets		14 623 490			14 623 490
Intangible assets		5 104 458			5 104 458
Deferred tax		29 306 813	64 459 896	(3 673 203)	90 093 506
Total Assets		**4 233 310 473**	**72 441 288**	**(41 122 601)**	**4 264 629 160**
Equity and Liabilities					
Equity					
Equity attributable to equity holders of parent owners' reserve		127 926 300	(1 728 437)	(11 484 673)	114 713 190
Non-distributable reserves		243 129 211			243 129 211
Share based payment reserve		12 515 957		(1)	12 515 956
Equity development fund reserve		(2 998 107)			(2 998 107)
Non-controlling interest		249 508 181	(3 455 279)	(22 958 724)	223 094 178
		630 081 542	**(5 183 716)**	**(34 443 398)**	**590 454 428**
Liabilities					
Lease liabilities		16 045 530			16 045 530
Loans from group companies	1		11 916 808	(11 833 530)	83 278
Trade and other payables		57 172 054	2 477 475	661 628	60 311 157
Financial Liabilities		3 519 016 910		3 950 326	3 522 967 236
Current tax payable		2 195 873			2 195 873
Deferred tax Liabilities		8 798 564	63 230 721	542 373	72 571 658
		3 603 228 931	**77 625 004**	**(6 679 203)**	**3 674 174 732**
Total Equity and Liabilities		**4 233 310 473**	**72 441 288**	**(41 122 601)**	**4 264 629 160**

Notes to the Financial Statements

41. Restatement (continued)

Statement of Profit or Loss and other Comprehensive Income

	Notes	Group			
		As per signed AFS	**IFRS 3 final accounting**	**Consolidation of subsidiaries**	**Restated Amount**
Interest income		378 013 373		(953 004)	377 060 369
Interest expenses		(244 045 463)		(184 367)	(244 229 830)
Expected credit losses		8 059 451			8 059 451
Income from lending activities		**142 027 361**		**(1 137 371)**	**140 889 990**
Other operating Income		7 984 108		3 068 295	11 052 403
Other operating gains (losses)		20 401 914	(5 183 716)	(31 591 994)	(16 373 796)
Other operating expenses		(123 654 146)		(282 151)	(123 936 297)
Operating profit (loss)		**46 759 237**	**(5 183 716)**	**(29 943 221)**	**11 632 300**
Investment income		1 762 044		(284 591)	1 477 453
Profit (loss) before taxation		**48 521 281**	**(5 183 716)**	**(30 227 812)**	**13 109 753**
Taxation		(8 180 987)		(4 215 575)	(12 396 562)
Total comprehensive income (loss) for the year		**40 340 294**	**(5 183 716)**	**(34 443 387)**	**713 191**
Total comprehensive income (loss) attributable to:					
Owners of the parent		13 450 901	(1 702 853)	(11 314 653)	433 396
Non-controlling interest		26 889 393	(3 480 863)	(23 128 734)	279 795
		40 340 294	**(5 183 716)**	**(34 443 387)**	**713 191**

Notes to the Financial Statements

41. Restatement (continued)

Statement of Cashflow

	Notes	Group As per signed AFS	IFRS 3 final accounting	Consolidation of subsidiaries	Restated Amount
Cash flow from operating activities					
Interest income		322 401 030		468 378	322 869 408
Guarantee interest received		13 927		(13 927)	
Rental income		1 273 390		3 132 390	4 405 780
Management fees		1 492 413			1 492 413
Interest expenses		(236 916 041)			(236 916 041)
Tax paid		(8 152 386)			(8 152 386)
Cash paid to suppliers and employees		(88 903 050)		(192 652)	(89 095 702)
Cash received from clients		1 032 000		(13 730)	1 018 270
Net movement in advances		(188 902 878)		(448 058)	(189 350 936)
Tax refund received		482 386			482 386
Jobsfund grant used		(4 395 921)		1	(4 395 920)
Net cash from operating activities		**(200 575 130)**		**2 932 402**	**(197 642 728)**
Cashflow from investing activities					
Purchase of equipment		(878 932)			(878 932)
Disposal of equipment		20 845			20 845
Dividend received		285 250			285 250
Capital expenditure on investment properties	3			(18 078 827)	(18 078 827)
Purchase of intangible assets		(2 538 539)			(2 538 539)
Net cash from investing activities		**(3 111 376)**		**(18 078 827)**	**(21 190 203)**
Cashflow from financing activities					
Shareholder loan received		55 188 639			55 188 639
Proceeds from financial liabilities		487 000 000			487 000 000
Repayments to financial liabilities	4	(945 636 335)		16 311 278	(929 325 057)
Proceeds from notes issue		609 000 000			609 000 000
Principal lease payment		(4 497 243)			(4 497 243)
Grants funds received		50 087 801			50 087 801
Amounts paid to related parties					
Amounts received from related parties					
Net cash from financing activities		**251 142 862**		**16 311 278**	**267 454 140**
Total cash movement for the year		**47 456 356**		**1 164 853**	**48 621 209**
Cash at the beginning of the year		112 671 452			112 671 452
Total cash at the end of the year		**160 127 808**		**1 164 853**	**161 292 661**