Bayport Securitisation (RF) Limited
(Registration number 2008/003557/06)

Audited consolidated and separate annual financial statements for the year ended 31 December 2023

The annual financial statements of the group and the company were prepared in accordance with the requirements of the South African Companies Act 71 of 2008

The annual financial statements were prepared under the supervision of Warwick Keet CA(SA), chief financial officer of Bayport Financial Services 2010 (Proprietary) Limited

Bayport Securitisation (RF) Limited

Annual financial statements

For the year ended 31 December 2023

General information

Country of incorporation:	South Africa
Date of incorporation:	11 February 2008
Nature of business:	Special purpose vehicle incorporated to house unsecured loans originated by Bayport Financial Services 2010 (Proprietary) Limited
Directors:	Rishendrie Thanthony (chairman) Nick Clarke Lood de Jager Alfred Ramosedi
Registered address:	Bayport House 3 Alice Lane Sandton 2196
Business address:	Bayport House 3 Alice Lane Sandton 2196
Postal address:	Postnet Suite 116 Private Bag X43 Sunninghill 2157
Banker:	Standard Bank of South Africa Limited
Auditor:	Mazars Chartered Accountants Registered Auditor
Company secretary:	Arthur Hlubi
Company registration:	2008/003557/06

Bayport Securitisation (RF) Limited

Annual financial statements

For the year ended 31 December 2023

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

Directors' responsibilities and approval of the consolidated and separate annual financial statements

The directors are required by the Companies Act of South Africa 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 the directors' 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 their operations and cash flows for the year then ended, in conformity with IFRS® Accounting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with the Companies Act of South Africa, IFRS Accounting Standards and the Financial Reporting Pronouncements as issued by the Financial Standards Reporting Council and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined risk 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 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 cash flow forecast for the year to 31 December 2024 and are satisfied that the group has access to adequate resources to continue as a going concern for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the financial statements. The financial statements have been examined by the external auditors and their report is presented on pages 7 to 13.

The annual financial statements set out on pages 4 to 76, which have been prepared on the going concern basis, were approved by the board of directors on 30 April 2024 and were signed on its behalf by:

Nick Clarke	**Alfred Ramosedi**

Certificate from the company secretary

In terms of section 88(2)(e) of the Companies Act, 2008, I certify that to the best of my knowledge and belief, Bayport Securitisation (RF) Limited has lodged with the Companies and Intellectual Property Commission (CIPC) for the financial period ended 31 December 2023 all such returns as are required of a public company in terms of the Companies Act, and that all returns are true, correct and up to date.

Arthur Hlubi
Company secretary
30 April 2024

The audit committee submits this report to the shareholders of Bayport Securitisation (RF) Limited in respect of the year ended 31 December 2023. This report has been prepared based on the requirements of section 94(7)(f) of the Companies Act of South Africa as amended from time to time and in terms of the JSE Debt Listings Requirements.

Purpose of the audit committee

The main purpose of the audit committee is to assist the board in discharging its duties relating to the safeguarding of assets, accounting systems and practices, the integrity of internal financial control processes and the preparation of accurate financial reporting and annual financial statements in compliance with legal requirements and accounting standards.

Membership and attendance

The audit committee is independent and at the date of this report consists of three independent directors: Lood de Jager, Nick Clarke and Rishendrie Thanthony.

Nick Clarke was appointed as an alternate member of the audit committee on 29 September 2022 and as a member on 6 July 2023 to replace Olivia van Gisbergen who resigned on this date due to her relocating.

The committee is satisfied that the members thereof have the required knowledge and experience as set out in section 94(5) of the Companies Act, 71 of 2008 and regulation 42 of the Companies Regulations, 2011.

The audit committee meets at least bi-annually, as per its terms of reference, or more frequently should circumstances dictate.

The names of the members and attendance at meetings for the year under review are reflected below:

Names of members	11 April 2023	16 October 2023	7 December 2023
Lood de Jager (chairman)	✓	✓	✓
Rishendrie Thanthony	✓	✓	✓
Olivia van Gisbergen (resigned 6 July 2023)	✓	n/a	n/a
Nick Clarke (appointed 6 July 2023)	as invitee	✓	✓

Functions of the audit committee

- Approving the external audit engagement terms;
- Reporting on the independence of the auditors Mazars;
- Reviewing the tenure of the auditors and rotation of the audit partner;
- Reviewing the performance and effectiveness of the external audit process;
- Assessing the nature and extent of non-audit services;
- Making submissions to the board on accounting policies, financial controls, records and reporting;
- Reviewing key audit matters as provided by Mazars; and
- Reviewing the annual financial statements to confirm compliance with IFRS Accounting Standards, the Companies Act of South Africa and the JSE Debt Listings Requirements.

Attendance by auditors and executive directors

The external auditors are advised of all meetings of the audit committee. The executive directors of Bayport Financial Services 2010 (Proprietary) Limited also attended meetings by invitation.

Independence of external auditor

The audit committee has satisfied itself that the external auditors are independent of the group.

External audit fee

A fee of R1 971 317 was paid to Mazars for the 2023 external audit of the company. This amount is not shown separately in the notes to the annual financial statements as it is included in the management fees charged by Bayport Financial Services 2010 (Pty) Ltd. There were no non-audit services performed by Mazars during the year under review.

Internal financial controls, accounting practices and consolidated and separate annual financial statements

Based on the work of the group's assurance providers, nothing has come to the attention of the committee which indicates that the group's system of internal financial controls and accounting practices, in all material respects, does not provide a basis for reliable annual financial statements.

The committee is satisfied that the consolidated and separate annual financial statements are in compliance, in all material respects, with the requirements of the Companies Act and IFRS Accounting Standards, and recommended the financial statements for approval by the board.

Lood de Jager
Chairman: audit committee
30 April 2024

Mazars House, 54 Glenhove Road
Melrose Estate, 2196
PO Box 6697, Johannesburg, 2000
Docex 703 Johannesburg

Tel: +27 11 547 4000
Fax: +27 11 484 7864
Email: jhb@mazars.co.za
www.mazars.co.za

Bayport Securitisation (RF) Limited
Bayport House
3 Alice Lane
Sandton
2196

Independent Auditor's Report

To the Shareholders of Bayport Securitisation (RF) Limited

Opinion

We have audited the consolidated and separate financial statements of Bayport Securitisation (RF) Limited (the group and company) set out on pages 17 to 76, which comprise the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Bayport Securitisation (RF) Limited as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

International Independence Standards). 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 a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of Deferred Tax Assets Included in the consolidated and separate financial statements, as disclosed in Note 4, is the deferred tax asset amounting to R682,473,081. Management has performed an assessment to determine the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilised. In order to assess the recoverability of the deferred tax asset, management has used judgement and assumptions in estimating future taxable income. Due to the significant estimation uncertainty related to the future taxable income, the assessment of the recoverability of deferred tax assets is considered to be a matter of most significance to the current year audit.	We performed the following procedures, among others: • We obtained the forecast taxable income model prepared by management and checked the accuracy of the calculations included in the model; • We checked the accuracy of the deferred tax asset calculated by management; • We performed an independent calculation of the deferred tax asset amount and compared it to management's assessment of the probability that future taxable income will be available against which future temporary differences can be utilised; • We assessed management's ability to forecast accurately by comparing 2023 budgets to actual results; • We tested the reasonability of the assumptions used to prepare the forecast provided by management; • We performed a sensitivity analysis on the significant assumptions and evaluated the impact on the recoverability of the deferred tax assets; • We assessed the adequacy of the disclosures in the notes to the consolidated and separate annual financial statements in accordance with the requirements of IAS 12 *Income Taxes*.

Valuation of expected credit losses on loans and advances The company and group's expected credit loss ("ECL") which forms part of the measurement of impairment of financial assets, is included in loans and advances to the amount of R2,240,846,000 Refer to note 3 and 21.1. Also refer to the impairment section of the financial instruments accounting policy (note 1.2) and management's use of estimates for impairment of financial assets (note 1.15). We considered the ECL assessment of loans and advances to be a matter of most significance to our current year audit due to the materiality of loans and advances in relation to the company and group's financial statements, and the level of inherent uncertainty and significant judgement applied by management in determining the ECL and the related disclosures. The key areas of management estimation and judgement made in determining the inputs of the ECL include: • The assessment of whether there has been a significant increase in credit risk {"SICR") • The incorporation and assessment of macro-economic inputs and forward-looking information ("FLI) into the SICR assessment and ECL measurement • The assessment of the input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD"), loss given default ("LGD") and the effective interest rate within the ECL calculation; and • The disclosures related to ECL of loans and advances.	With the assistance of our IT team and quantitative analyst experts, we performed the following procedures: • We reviewed the ECL model methodology used by management to assess its compliance with IFRS 9 and the wider industry practice. • We assessed the conceptual soundness of the PD, LGD, EAD, staging and forward-looking approach used by management including an analytical review of the assumptions made by management for the PD, LGD and FLI • We identified and tested the appropriateness of the key inputs used in management's ECL model; • We assessed the staging of the loans and advances at reporting date utilising computer assisted audit techniques and compared the results to the staging in the ECL model; • We obtained an understanding and tested the adequacy of internal controls relating to the automated controls of relaying information from the application used to capture loans and advances to the Structured Query Language ("SQL") performance table and the staging of the loans and advances; • Assessed the appropriateness of the ECL related disclosures for loans and advances in the consolidated and separate financial statements in accordance with IFRS 7 – *Financial Instruments: Disclosures and* evaluated whether the credit risk disclosures are consistent with the ECL information tested.
Valuation of IFRS 17 insurance contract asset Included in the consolidated financial statements, as disclosed in Note 6, is the insurance contract asset amounting to R41,718,000.	We followed the approach below in determining the IFRS 17 impact on the measurement of the insurance contract asset: • Obtained an understanding and assessed the group's policy in relation to the shareholder agreement and the recognition of the in-substance reinsurance obligation. • Assessed and challenged the premium

Significant judgement has been applied in determining the various assumptions that are used by management in calculating the insurance contract asset on transition to IFRS 17. These judgements and assumptions have a material impact on the valuation of the insurance contract asset and consequently this is considered to be a key audit matter.	allocation approach used by management. • Performed an analysis on the terms of the shareholder agreement to determine if the in-substance reinsurance is separable from the investment in the cell captive • Evaluated the competence, capabilities, independence and objectivity of the auditor's expert used for the calculation of the Liability for incurred claims (LIC). We performed, with the assistance of our Quantitative Analysts team, the following procedures: • Methodological review of the normative choices including: • Yield curve and discounting effect; • Contracts level of aggregation; • Model assessment; • Expenses assumptions; • Best Estimate methodology; • Risk Adjustment methodology.. • Calculation review for the Best Estimate and Risk Adjustment of LIC including the calibration of assumptions and parameters. We performed, with the assistance of our technical team, the following procedure: • Assessed the adequacy and completeness of the disclosures in the notes to the consolidated annual financial statements in accordance with the requirements of IFRS Accounting Standards in relation to IFRS 17 Insurance Contracts.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Bayport Securitisation (RF) Limited Annual Financial Statements for the year ended 31 December 2023", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will 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.

Other matter

The consolidated and separate financial statements of Bayport Securitisation (RF) Limited for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 26 April 2023.

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 IFRS Accounting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and 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 Mazars has been the auditor of Bayport Securitisation (RF) Limited for 1 year.

Mazars

Mazars
Partner: Nafees Mayat
Registered Auditor
30 April 2024
Johannesburg

The directors present their report on the activities of the group for the year ended 31 December 2023.

1. Main business and operations

The group consists of Bayport Securitisation (RF) Limited ("the company") and its wholly-owned subsidiary Zenthyme Investments (Proprietary) Limited ("Zenthyme").

The company is a special purpose vehicle incorporated to house unsecured loans originated by Bayport Financial Services 2010 (Proprietary) Limited ("BFS2010") in South Africa. Management of the company is contracted to BFS2010.

Zenthyme is an investment holding company that operates in South Africa and holds investments in insurance cell captives.

The operating results and state of affairs of the group and company are fully set out in the attached consolidated and separate annual financial statements.

2. Subsequent events

No subsequent events have occurred between 31 December 2023 and the date of approval of the consolidated and separate annual financial statements by the board of directors.

3. Going concern

In performing the going concern assessment, the directors have considered all available information about the future, the possible outcomes of events and changes in conditions and the realistically possible responses to such events and conditions that would be available to the directors.

As part of the assessment, the directors have considered if there are any material uncertainties relating to events or conditions that might cast significant doubt upon the continuing use of the going concern basis of accounting in future periods.

Uncertainties relating to such events or conditions would be considered material, and therefore disclosed, if their disclosure could reasonably be expected to affect the economic decisions of shareholders and other users of the consolidated and separate annual financial statements.

The going concern assessment is a matter of judgement. In making this judgement, the directors have considered the uncertainties arising from their assessment, both individually and in combination with others.

In determining whether there are material uncertainties, the directors have considered:

- the magnitude of the potential impacts of any uncertain future events or changes in conditions on the group and the likelihood of their occurrence in the medium term;
- the realistic availability and likely effectiveness of actions that the directors would consider undertaking to avoid, or reduce the impact or likelihood of occurrence of the uncertain future events or changes in conditions; and
- whether the uncertain future events or changes in conditions are unusual, rather than occurring with sufficient regularity to make predictions about them with a high degree of confidence.

Uncertainties are not considered material if the likelihood that the group will not be able to continue to use the going concern basis of accounting is assessed to be remote, however significant the assessed potential impact may seem.

3. Going concern (continued)

In evaluating the group's ability to continue as a going concern during the ensuing twelve months, the following areas, amongst others, have been considered in making the assessment:

- financial performance (both historic and forecasted);
- liquidity (availability of funding as well as cash flow forecasts);
- capital adequacy; and
- the financial health of the consumer (debt to income levels, employment and inflation).

Having taken the aforementioned factors into account, the directors consider the going concern basis of accounting appropriate for the ensuing twelve months.

4. Authorised and issued ordinary and preference share capital

There was no change in ordinary and preference share capital during the year under review.

5. Dividends paid

No dividend was declared or paid to the ordinary or preference shareholders during the 12 months ended 31 December 2023 (2022: R nil).

6. Holding company

The Bayport Securitisation Ownership Trust holds 100% of the ordinary share capital in Bayport Securitisation (RF) Ltd, whilst Bayport Financial Services 2010 (Pty) Ltd holds 100% of the preference share capital.

The ultimate holding company is the Government Employees Pension Fund (GEPF).

7. Financial risk management and governance

The board of directors of the company is ultimately responsible for financial risk management and governance. The day-to-day management of the company is the responsibility of BFS2010 through the authority granted by the board of the company by way of the management agreement between the company and BFS2010. The shareholders have constituted an audit committee which comprises three independent non-executive directors and meets at least bi-annually. Invitees to the audit committee meetings include the external auditors, the internal auditors and representatives of BFS2010.

The audit committee assists the board with:

- combined assurance;
- internal audit;
- external audit; and
- corporate governance.

The board has constituted a social and ethics committee to consider the company's activities with regard to matters relating to social and economic development. The committee consists of at least three members elected by the board and the chairman is a non-executive director of the board. The committee meets at least once annually and is accountable to both the board and shareholders.

8. Directors

The directors of the company during the accounting period and up to the date of this report were as follows:

Name	Position	Date appointed	Date resigned
Olivia van Gisbergen	Independent non-executive chairman	5 December 2018	6 July 2023
Nick Clarke	Independent non-executive director	6 July 2023	
Lood de Jager	Independent non-executive director	26 April 2021	
Alfred Ramosedi	Non-executive director	1 November 2018	
RishendrieThanthony	Independent non-executive chairman	31 January 2013	

9. External auditor

Mazars was appointed as external auditor of the group on 20 October 2023.

10. Company secretary

The company secretary during the accounting period and up to the date of this report was as follows:

Name	Date appointed
Arthur Hlubi	1 June 2017

Bayport Securitisation (RF) Limited

Consolidated and separate statements of financial position

As at 31 December 2023

R'000	Notes	Group 31 December 2023	Group 31 December 2022 restated [1]	Group 1 January 2022 restated [1]	Company 31 December 2023	Company 31 December 2022
Assets						
Cash and cash equivalents	19	509 894	559 842	436 892	509 548	559 519
Tax receivable		2	-	-	-	-
Trade and other receivables	2	17 731	82 924	61 686	42 888	99 752
Loans and advances	3	2 902 436	3 141 271	3 077 783	2 902 436	3 141 271
Deferred tax assets	4	682 959	510 406	311 875	682 473	511 136
Investment in subsidiary	5	-	-	-	247 971	214 040
Insurance contract assets	6	41 718	37 892	72 695	-	-
Total assets		4 154 740	4 332 335	3 960 931	4 385 316	4 525 718
Liabilities						
Trade and other payables	7	150 450	125 310	88 616	134 356	109 216
Interest bearing liabilities	8	3 321 648	3 499 596	3 169 957	3 321 648	3 499 596
Total liabilities		3 472 098	3 624 906	3 258 573	3 456 004	3 608 812
Equity						
Share capital and share premium	9	1 300 001	1 300 001	1 300 001	1 300 001	1 300 001
Accumulated deficit		(617 359)	(592 572)	(597 643)	(618 660)	(597 135)
Fair value reserve	5	-	-	-	247 971	214 040
Equity attributable to the owners of the company		682 642	707 429	702 358	929 312	916 906
Total equity		682 642	707 429	702 358	929 312	916 906
Total equity and liabilities		4 154 740	4 332 335	3 960 931	4 385 316	4 525 718

[1] Restated due to the adoption of IFRS 17. Refer to note 1.18 for the IFRS 17 transition impact.

Bayport Securitisation (RF) Limited

Consolidated and separate statements of comprehensive income

For the year ended 31 December 2023

R'000	Notes	Group 31 December 2023	Group 31 December 2022 restated [2]	Company 31 December 2023	Company 31 December 2022
Interest and other similar income	10	787 668	819 926	787 632	819 899
Interest and other similar expenses	10	(420 905)	(326 834)	(420 905)	(326 834)
Net interest income	10	366 763	493 092	366 727	493 065
Impairment of loans and advances	3	(388 826)	(493 389)	(388 826)	(493 389)
Risk adjusted net interest loss		(22 063)	(297)	(22 099)	(324)
Net revenue from insurance contract	6	84 265	73 291	-	-
- insurance revenue		142 157	132 113	-	-
- insurance service expense		(63 008)	(62 265)	-	-
- insurance finance income		5 116	3 443	-	-
Non-interest income	11	11 454	1 772	100 222	74 749
Direct costs	12	(3 075)	(1 672)	(3 074)	(1 670)
Non interest gross profit		92 644	73 391	97 148	73 079
Indirect costs	13	(267 911)	(266 547)	(267 911)	(266 547)
Loss before tax		(197 330)	(193 453)	(192 862)	(193 792)
Income tax credit	14	172 543	198 524	171 337	198 616
(Loss) / profit for the year		(24 787)	5 071	(21 525)	4 824
Other comprehensive profit [1]					
Items that will not be reclassified to profit or loss:					
Movement on equity instruments designated at FVOCI	5	-	-	33 931	23 738
Total comprehensive (loss) / income for the year		(24 787)	5 071	12 406	28 562

[1] Refer to statement of changes in equity on page 20.
[2] Restated due to the adoption of IFRS 17. Refer to note 1.18 for the IFRS 17 transition impact.

Bayport Securitisation (RF) Limited

Consolidated and separate statements of changes in equity

For the year ended 31 December 2023

Group

R'000	Share capital and share premium	Fair value reserve [1]	Accumulated deficit	Total equity
Balance at 31 December 2021	1 300 001	187 731	(599 388)	888 344
Transition to IFRS 17 – 1 January 2022	-	(187 731)	1 745	(185 986)
Total comprehensive income - Profit for the year	-	-	5 071	5 071
Balance at 31 December 2022 – restated [2]	1 300 001	-	(592 572)	707 429
Total comprehensive income - Loss for the year	-	-	(24 787)	(24 787)
Balance at 31 December 2023	1 300 001	-	(617 359)	682 642

[1] Fair value reserve at 31 December 2021 related to the valuation of insurance cells accounted for under IFRS 9 as an investment. The group's fair value reserve has been reversed with the adoption of IFRS 17.
[2] Restated due to the adoption of IFRS 17. Refer to note 1.18 for the IFRS 17 transition impact.

Company

R'000	Share capital and share premium	Fair value reserve	Accumulated deficit	Total equity
Balance at 31 December 2021	1 300 001	190 302	(601 959)	888 344
Total comprehensive income	-	23 738	4 824	28 562
- Profit for the year	-	-	4 824	4 824
- Other comprehensive income	-	23 738	-	23 738
- Revaluation of investment in Zenthyme at fair value [1]	-	23 738	-	23 738
Balance at 31 December 2022	1 300 001	214 040	(597 135)	916 906
Total comprehensive income	-	33 931	(21 525)	12 406
- Loss for the year	-	-	(21 525)	(21 525)
- Other comprehensive income	-	33 931	-	33 931
- Revaluation of investment in Zenthyme at fair value [1]	-	33 931	-	33 931
Balance at 31 December 2023	1 300 001	247 971	(618 660)	929 312

[1] Refer to note 5.

Bayport Securitisation (RF) Limited

Consolidated and separate statements of cash flows

For the year ended 31 December 2023

		Group		Company	
R'000	**Notes**	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Cash flows from operating activities					
Cash utilised by operations	15	(705 910)	(951 374)	(705 909)	(951 372)
Interest received		759 184	789 083	759 148	789 056
Interest paid		(402 942)	(258 155)	(402 942)	(258 155)
Income taxes paid	16	(12)	(7)	-	-
Dividends received	17	80 439	79 094	80 439	99 730
Decrease / (increase) in trade and other receivables		75 393	(21 238)	75 393	(21 238)
Decrease in gross loans and advances		314 671	158 893	314 671	158 893
Redemption of capital from insurance cell [1]	6	-	29 000	-	-
Decrease in trade payables and accruals		(9 648)	(23 621)	(9 648)	(23 621)
Increase / (decrease) in related party payables		16 825	(8 364)	16 825	-
Decrease in related party loans		(152 480)	(7 526)	(152 480)	(7 526)
Cash utilised by operating activities		(24 480)	(214 215)	(24 503)	(214 233)
Cash flows from financing activities					
Raising senior and mezzanine debt	18	1 105 200	1 659 300	1 105 200	1 659 300
Repayment of senior and mezzanine debt	18	(1 130 668)	(1 322 135)	(1 130 668)	(1 322 135)
Cash (utilised) / generated by financing activities		(25 468)	337 165	(25 468)	337 165
Net (decrease) / increase in cash for the year		(49 948)	122 950	(49 971)	122 932
Cash at beginning of the year		559 842	436 892	559 519	436 587
Cash at end of the year	19	509 894	559 842	509 548	559 519

[1] Restated due to IFRS 17 transition. The amount is unchanged but the line item was called "decrease in unlisted investments" in the prior year annual financial statements.

1. Accounting policies

Basis of preparation

The annual financial statements of the group and the company are prepared in accordance with IFRS Accounting Standards as issued by the IASB®, interpretations issued by the IFRIC®, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act 71 of 2008.

The consolidated and separate annual financial statements are prepared on the historical cost basis except for certain financial instruments which are measured at fair value (accounting policy 1.2).

The group and company's statement of financial position are presented in order of liquidity. Reference to the current maturities of these financial assets and liabilities are disclosed in the statement of financial position notes and in the analysis of financial assets and liabilities. The accounting policies are consistent with the previous year, except where stated otherwise.

The company has made the following accounting policy election in terms of IFRS Accounting Standards with reference to the detailed accounting policy shown in brackets:

- equity instruments at fair value through other comprehensive income (accounting policy 1.2).

All monetary information and figures presented in these annual financial statements are stated in thousands of South African Rand (R'000), unless otherwise indicated.

The principle accounting policies are set out below:

1.1 Basis of consolidation

Subsidiary companies and other controlled entities

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company.

Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. In assessing control, potential voting rights which presently are exercisable or convertible are taken into account.

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intra-group transactions, balances and unrealised gains or losses are eliminated on consolidation.

1. Accounting policies (continued)

1.2 Financial instruments

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Initial recognition

The group initially recognises financial assets and financial liabilities on the date on which the group becomes party to the contractual provisions of the financial instrument.

A financial asset or financial liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The group generally does not reclassify financial instruments between different categories subsequent to initial recognition. Financial assets are reclassified only if the group changes its business model for managing financial assets. In accordance with IFRS 9:

- Financial liabilities can never be reclassified; and
- Financial assets can only be reclassified if there is a change in business model.

Classification

Financial assets

Financial assets are classified and measured at either:

- amortised cost; or
- fair value through other comprehensive income.

On initial recognition of an equity instrument that is not held for trading, the group may irrevocably elect to present subsequent changes in fair value through other comprehensive income. This election is done on an investment-by-investment basis.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1. Accounting policies (continued)

1.2 Financial instruments (continued)

Business model assessment

The group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, matching the duration of financial assets to the liabilities that are funding those assets or realising cash flows through the sales of the assets;
- how the performance of the portfolio is evaluated and reported to group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (whether compensation is based on fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. Information about sales activity is considered as part of the overall assessment of how the group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example, liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payment of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual clause that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the group considers:

- interest rate charged to customers;
- origination fee and service fee charged to customers;
- any other amounts charged to customers (if any);
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the group's claim to cash flows from specified assets (for example, non-recourse asset arrangements); and
- features that modify consideration of time value of money (for example, periodical reset of interest rates).

1. Accounting policies (continued)

1.2 Financial instruments (continued)

The group holds a portfolio of loans with a term of between six months to six years. These loans charge customers a fixed interest rate in accordance with the requirements of the National Credit Act [No 34 of 2005] (NCA). Interest rates are changed only in the event of court intervention or if there are any changes to legislation. Term extensions take place if the customer defaults, or through court intervention, and the resulting terms result in contractual cash flows that are solely payments of principal and interest. The group has determined that the contractual cash flows of these loans are solely payments of principal and interest.

Financial assets which have been classified as measured at amortised cost include cash, trade and other receivables and loans and advances.

Financial liabilities

Financial liabilities are classified and measured at amortised cost.

Subsequent measurement

Fair value through other comprehensive income – equity instruments

These instruments are equity instruments which are not held for trading, and upon initial recognition, it is elected that the movements in fair value will be recognised in other comprehensive income. Amounts recognised in other comprehensive income are not reclassified to profit or loss under any circumstances.

Dividend income on these investments is recognised in profit or loss when the company becomes entitled to that income.

Amortised cost

Financial assets which are classified as measured at amortised cost are measured using the effective interest method less any expected credit losses which are recognised in profit or loss. Amortised cost is calculated by taking into account any transaction costs on acquisition as well as fees and costs that are an integral part of the effective interest rate. Origination fees and service fees are both considered to be integral to the effective interest rate. Origination fees are added to the original debt amount and included in the initial measurement of the loan.

Expected credit losses are calculated through the use of an appropriate impairment methodology.

1. Accounting policies (continued)

1.2 Financial instruments (continued)

Impairment

The group recognises loss allowances for expected credit losses on the following financial assets:

- Loans and advances; and
- Trade and other receivables.

No impairment loss is recognised on equity investments.

Impairments are measured as 12-month expected credit losses upon origination (referred to as stage 1). Where there has been a significant increase in credit risk since initial recognition of a financial asset, the loss allowance is measured as an amount equal to lifetime expected credit losses (referred to as stage 2).

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

12-month expected credit losses are the portion of expected credit losses that result from default events on a financial instrument, that are possible within the 12 month period after the reporting date.

Expected credit losses are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit impaired at the reporting date – as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expect to receive) (stages 1 and 2);
- Financial assets that are credit-impaired at the reporting date – as the difference between the gross carrying amount and the present value of estimated future cash flows (stage 3).

Loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly, since initial recognition. The group considers reasonable and supportable information that is relevant and available without undue cost and effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure.

1. Accounting policies (continued)

1.2 Financial instruments (continued)

Credit risk

The group monitors the borrower's credit risk using contractual delinquencies (CD) (i.e. number of missed contractual payments). An additional credit risk monitor has been imposed whereby an account moves to a cured contractual delinquent (CCD) state by adhering to the curing criteria of:

- the sum of payments in the last three months of at least 75% of the sum of three original instalments;
- where an account has an active payroll deduction then one payment of at least 75% of the original instalment; or
- where an account is in debt review the sum of payments in the last three months of at least 45% of the sum of three original instalments.

When a customer catches up their arrears and becomes fully paid up they move back to CD0 (stage 1).

Generating a PD term structure

The PD (probability of default) is the probability that an account enters default at some point in the future, where default is defined as CD4+ and CCD4+. The PD term structure introduces a timing (ageing) element to the PD, where the term structure (life of the loan) is broken down into the annualised periods.

For example, the term structure would consider the following sequence:

- The probability that an account will default in the first year;
- If the account does not default in the first year, what is the probability that the account will default in the second year and then the year after that and then in the following years; and
- This will result in PDs per multiple annual periods.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty to the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the group on terms that the group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to the deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, an exposure that is overdue for 90 days or more (CD4+ and CCD4+) is considered impaired / in default.

1. Accounting policies (continued)

1.2 Financial instruments (continued)

Collective versus individual impairment

All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar credit risk characteristics (e.g. on the basis of the collection strategy and contractual delinquency count and months on book).

Modelling techniques

In assessing collective impairment the group statistically models the following:

- historical trends of the probability of default;
- timing of recoveries; and
- the amount of loss incurred.

These factors are adjusted for management's judgement regarding whether current economic and credit conditions will result in actual losses that are likely to be greater or less than those suggested by the historical models.

Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual results to ensure that they remain appropriate.

Financial liabilities and equity instruments issued by the group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the value of the proceeds received, net of direct issue costs.

Fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. Where such evidence is available, the financial instrument is initially measured at its fair value.

1. Accounting policies (continued)

1.2 Financial instruments (continued)

The method of determining the fair value of financial instruments is analysed into the following categories:

Level 1: Unadjusted quoted prices in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valuation techniques using market observable inputs, including:
- using recent arm's length market transactions;
- reference to the current fair value of similar instruments; and
- discounted cash flow analysis, pricing models or other techniques commonly used by market participants.

Level 3: Valuation techniques, as described for level 2 above, for which not all inputs are market observable prices or rates. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as 'day one profit and loss', is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

The valuation techniques in level 2 and level 3 use inputs such as interest rate yield curves, equity prices, commodity and currency prices / yields, volatilities, and the correlation between inputs. The models used in these valuation techniques are calibrated against industry standards, other similar economic models, and against observed transaction prices, where available.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to set off the recognised amounts and there is an intention to realise the asset and settle the liability simultaneously.

Derecognition

Financial assets (or a portion thereof) are derecognised when the group realises the rights to the benefits specified in the contract, the rights expire, the asset is substantially modified or the group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable (including any new asset obtained) are included in profit or loss.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it are included in the statement of comprehensive income.

Full derecognition

Loans (financial assets) are only fully derecognised when the loan account is settled in the debtors management system. This typically happens after 3 years of non-payment (prescription of debt).

1. Accounting policies (continued)

1.2 Financial instruments (continued)

Partial derecognition

When a customer has not paid any amount in the preceding 12 months and the contractual delinquency is greater than or equal to 12, the group considers there to be no reasonable expectation of recovery. At this point the gross carrying amount of these loans are derecognised to the extent of their carrying value as determined by the expected credit loss model.

A second partial derecognition of the gross carrying amount occurs when a customer that was partially derecognised more than 5 years ago has not paid any amount in the preceding 24 month period.

Partially derecognised loans are categorised as stage 3 for the purposes of calculating expected credit losses.

Modifications

A loan modification is a permanent change to one or more terms of the loan. Enforcing terms that were present in the original terms of the facility, is not seen to be a loan modification. The group may renegotiate or otherwise modify the contractual cashflows of loans to customers in the normal course of business. These restructures require assessment of qualitative and quantitative factors that need to be considered to establish whether the change to the contractual cashflows is substantial or non-substantial.

In a distressed restructure the group needs to determine whether it is merely attempting to recover the original cashflows, in the most optimal manner, and as such the original cashflows have not expired, or whether the risks and rewards associated with the cashflows have been fundamentally altered for the original loan to be derecognised.

The group renegotiates loans with customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Such modifications include:
- debt review;
- credit life substitutions;
- administration orders; and
- emolument attachment orders.

The revised terms resulting from the above restructured transactions usually include extending the maturity and adjusting the interest rate. These modifications do not novate the terms of the original credit agreement and are merely an attempt to recover the remaining capital outstanding in the most efficient manner available. As such the group does not derecognise the original loan. In the case of distressed modifications, the original terms of the modified loans are applied when determining the expected credit losses.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:
- its remaining lifetime probability of default at the reporting date based on the modified terms; with
- the remaining lifetime probability of default estimated based on data at initial recognition and the original contractual terms.

When modifications take place, the group will perform a qualitative evaluation of whether the cash flows of the original loan have been substantially modified.

1. Accounting policies (continued)

1.2 Financial instruments (continued)

Modifications (continued)

Qualitative evaluation

Qualitative factors need to be considered to determine if the modification is substantial. Examples of such factors would include the group's intention for modifying the contract:
- The group modified the contract due to the customer's credit risk which has increased due to retrenchment etc;
- The group modified the contract for a strategic business reason such as in order to be competitive in the market; or
- The group modified the contract in an attempt to recover the original contractual amounts outstanding as part of a distressed modification and hence the terms are not substantially different to the original terms.

1.3 Interest income

Interest income is recognised in profit or loss for all instruments measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to the gross carrying amount of the financial asset. When calculating the effective interest rate for financial instruments other than credit-impaired assets, the group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses.

For credit impaired financial assets, interest income is recognised by applying the effective interest rate to the net carrying value, being the gross carrying value after deducting the impairment provision for expected credit losses. The group accordingly ceases to recognise, in profit or loss, the portion of the contractual interest charged on credit impaired assets, thus equating to the result of the net carrying value of the credit impaired exposure being multiplied by the applicable effective interest rate.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Monthly services fees are regarded as an integral part of the effective interest rate and are accounted for as interest income.

Incremental collection costs are excluded from the calculation of the effective interest rate.

1.4 Monthly service fees

These are fees which form an integral part of the effective interest rate and are charged to customers on a monthly basis. These fees are recognised as part of the effective interest rate over the shorter of the original contractual term and the actual term of the loans and receivables.

1. Accounting policies (continued)

1.5 Interest expense

Interest expense comprise interest on borrowings, debentures and other costs incurred in connection with the borrowing of funds.

Interest expense is recognised in the period in which it is incurred using the effective interest method.

1.6 Insurance contracts

BFS2010 sells credit life insurance contracts to individuals when loans are originated and pays the monthly premiums collected from these third parties to an insurance cell captive housed by the underwriter, Guardrisk Life Limited ("Guardrisk"). These are the only insurance contracts sold by BFS2010 and underwritten by Guardrisk, and as they share similar risks, are managed together as one portfolio. Guardrisk transfers the significant insurance risk for these credit life insurance contracts to Zenthyme via a shareholder and subscription agreement. This agreement is considered an in-substance reinsurance contract issued by Zenthyme and is accounted for by the group in accordance with IFRS 17 *Insurance Contracts*. The company does not have insurance risk and therefore IFRS 17 is not applicable to the company annual financial statements.

The group accounts for this reinsurance contract using the Premium Allocation Approach (PAA) as it is considered short term in nature as both parties have the option to terminate with 12 months notice.

The group recognises insurance contracts it issues from the earliest of the beginning of the coverage period or the date when the first payment from a policyholder becomes due.

Refer to note 1.18 for the IFRS 17 transition impact and to note 6 for more details on the classification, measurement and presentation of the in-substance reinsurance contract.

1.7 Non-interest income

Dividends are recognised in profit or loss when the right to receive payment is established.

1.8 Direct costs

Direct costs comprise funding and listing fees expensed during the year directly attributable to the borrowing of funds and the collection of loans and advances.

1.9 Investments in subsidiaries

Investments in subsidiaries are accounted for at fair value with movements recorded through other comprehensive income.

1. Accounting policies (continued)

1.10 Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid instruments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

On the statement of cashflows, cash and cash equivalents comprise:
- Balances with banks
- Money on call deposits

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes and are carried at cost, which due to their short-term nature, approximate fair value.

There are two cash reserves held within the group:
- The capital redemption reserve is a cash reserve requirement during the six months prior to the maturity date of any class A, B or C note that is repayable as a bullet payment; and
- The liquidity reserve is a cash reserve of R250 million held within the group.

1.11 Share capital

Proceeds received upon the issuance of shares are included in equity, net of directly attributable transaction costs. Dividends and other distributions made to equity holders are recognised as a reduction in equity when they are no longer at the discretion of the entity.

1.12 Taxation

Current

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by financial year-end.

Deferred tax

Deferred tax is calculated using the liability method.

Deferred tax is calculated using taxation rates that have been enacted or substantially enacted at financial year-end. The effect on deferred tax of any changes in taxation rates is charged to profit or loss, except to the extent that it relates to items previously charged or credited directly to equity in which case the deferred tax is charged to equity.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which the associated tax deductible temporary differences can be utilised.

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

1. Accounting policies (continued)

1.12 Taxation (continued)

Indirect taxation

Indirect taxation in the form of non-claimable value-added tax (VAT) on expenses is disclosed as indirect costs in the statement of comprehensive income. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

1.13 Dividends paid

Dividends are recognised against equity in the period in which they are approved by the company's directors. Dividends declared after the reporting date are not recognised but disclosed as a post reporting date event.

1.14 Segment reporting

The group operates as one segment. All disclosure in the annual financial statements is provided as the primary segment.

1.15 Management estimates

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements on carrying values of assets or liabilities that are not otherwise readily apparent. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Deferred tax

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in future against which it can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

1. Accounting policies (continued)

1.15 Management estimates (continued)

Impairment of financial assets

Financial assets are impaired using the approach prescribed in IFRS 9. The estimation of impairments of financial assets is inherently uncertain and depends on many factors, including general economic conditions (current and forward-looking), structural changes within industries, changes in individual customer circumstances and other external factors such as legal requirements, regulatory specifications and governmental policy changes.

Upon origination of financial assets, impairments measured at 12-month expected credit losses will be provided. Impairments measured at lifetime expected credit losses will be provided on financial assets whose credit risk that has increased significantly since initial recognition. Impairments measured at lifetime expected credit losses will also be provided on financial assets that are credit-impaired.

Insurance contract

Through Zenthyme, the group has a 100% shareholding in a third-party insurance cell captive registered through Guardrisk in South Africa. From the current financial year, the group has assessed the overall commercial effect of the shareholder and subscription agreement and determined that it contains in-substance characteristics of a reinsurance contract. In terms of this agreement, significant insurance risk is initially accepted by the underwriter, and to the extent that premiums and reserves are insufficient to cover claims, the underwriter transfers significant insurance risk to Zenthyme by requiring Zenthyme to recapitalise the insurance cell as and when necessary to meet capital adequacy requirements. Although the shareholder agreement is not legally a reinsurance contract, the substance of the contract is that Zenthyme contributes initial capital which is intended to settle future claims from policyholders (i.e. the initial capital is added to the liability for incurred claims (LIC)). The initial contribution increases through the collection of premiums and is reduced through administrative expenses, dividends declared to Zenthyme and payments of claims to policyholders. Guardrisk is paid an administration fee and Zenthyme is compensated with dividends or provides a capital injection when needed. The initial contribution through the subscription of shares is considered to be interrelated with the insurance obligation and the contract is accounted for as a single insurance contract. As a result, the overall commercial effect is similar to an insurance contract and is considered an in-substance reinsurance contract issued by Zenthyme and is accounted for by the group in accordance with IFRS 17 Insurance Contracts.

Refer to note 1.18 for the IFRS 17 transition impact and to note 6 for more details on the classification, measurement and presentation of the in-substance reinsurance contract.

Valuation of investment in subsidiary

In the company's separate annual financial statements, the valuation of the investment in subsidiary (Zenthyme) is classified as fair value through other comprehensive income. The valuation of Zenthyme is determined predominantly by its investment in the insurance cell captive housed by Guardrisk.

The valuation methodology applied to the insurance cell captive investment is a discounting of future expected cash flows i.e. dividends and capital on a rundown basis including one year of new business. Dividends and capital are discounted from the point of distribution to the present time at the risk free rate plus a constant risk margin. Refer to notes 5 and 21.8 for more detail on the valuation.

1. Accounting policies (continued)

1.16 New and amended accounting standards and interpretations

IFRS / IAS and title	Details of change	Effective for periods beginning on or after:
IFRS 17 Insurance Contracts	IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous (non-IFRS) accounting approaches to continue to be followed. IFRS 17 results in significant changes for many insurers, requiring adjustments to existing systems and processes. The new standard takes the view that insurance contracts combine features of a financial instrument and a service contract, and that many generate cash flows that vary substantially over time. It therefore takes the approach of: • Combining current measurement of future cash flows with recognising profit over the period that services are provided under the contract • Presenting insurance service results (including insurance revenue) separately from insurance finance income or expenses, and • Requiring an entity to make an accounting policy choice for each portfolio whether to recognise all insurance finance income or expenses for the reporting period in profit or loss, or to recognise some in other comprehensive income. Subsequent to the issue of IFRS 17, amendments to the standard and deferral of effective dates have been made.	1 January 2023
IAS 1 Presentation of Financial Statements (Amendment: Disclosure of Accounting Policies)	• Accounting policies to be disclosed where the information is material, by nature or amount. • Explains when accounting policy information is considered material. • Clarifies that disclose of an immaterial accounting policy, it must not obscure or affect other material or required disclosures.	1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment: definition of Accounting Estimates)	• Distinguishes clearly between a change in accounting policy and a change in accounting estimate. • Revises the definition of an accounting estimate. • Provides reworded and specific examples of accounting estimates. • Clarifies that measurement techniques and inputs used in developing accounting estimates are not accounting policies.	1 January 2023

1. Accounting policies (continued)

1.16 New and amended accounting standards and interpretations (continued)

IFRS / IAS and title	Details of change	Effective for periods beginning on or after:
IAS 12 Income Taxes (Amendment: Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	Narrows the scope of the exemption for recognition of taxable/deductible temporary differences that arise on certain transactions. The transaction should not give rise to equal taxable and deductible temporary differences.	1 January 2023

The impact of adopting IFRS 17 is detailed in note 1.18. Amendments to the other standards have not had a material impact on the consolidated or separate annual financial statements.

1.17 New standards or amendments issued but not yet effective

IFRS / IAS and title	Details of change	Effective for periods beginning on or after:
IFRS 7 Financial Instruments: Disclosures IAS 7 Statement of Cash flows	Amendment: Supplier finance arrangements requiring disclosure: • about how supplier finance arrangements affect an entity's liabilities and cash flow. • as to whether supplier finance agreements have been accessed providing extended payment terms or early payment terms for suppliers. • of the effects of exposure to liquidity risk including the impact if the supplier finance arrangements are no longer available.	1 January 2024
IAS 1 Presentation of Financial Statements	Amendment: Classification of Liabilities as Current or Non-current: • Classification to be based on whether the right to defer settlement by at least twelve months exists at the end of the reporting period. • Classification is not affected by expectation of settlement. • Clarifies that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. Amendment: Classification of Long-term Debt Affected by Covenants: • Classify debt as non-current only if the company can avoid settling the debt within 12 months after the reporting date. • Specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. • Requirement to disclose information about covenants in the notes to the financial statements.	1 January 2024

1. Accounting policies (continued)

1.17 New standards or amendments issued but not yet effective (continued)

IFRS / IAS and title	Details of change	Effective for periods beginning on or after:
IAS 21 The Effect of Changes in Foreign Exchange Rates	Amendment: Lack of Exchangeability • Currency exchangeability explained. • Requirement to estimate currency that is not exchangeable by using either an observable exchange rate without adjustment or using another estimation technique. • Additional disclosures are required when an exchange rate requires estimation.	1 January 2025 (Modified retrospective approach)
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	New Standard: requiring entities to disclose information about sustainability-related risks and opportunities that are useful to users relating to providing resources to the entity. • Entities are required to disclose information about sustainability-related risks and opportunities reasonably expected to affect their prospects. • Prescribes how the entity prepares and reports its sustainability-related disclosures, setting out general requirements for content and presentation thereof. • To provide an understanding of the entity's governance processes & controls, strategy to manage, identification processes & controls and performance in relation to the sustainability-related risks and opportunities and targets set.	1 January 2024 (Effective prospectively)
IFRS S2 Climate-related Disclosures	New Standard: requiring entities to disclose information about the climate-related risks (physical and transition) an entity is exposed to and the opportunities available to that may be useful to investors and capital providers. • Entities are required to disclose information about climate-related risks and opportunities reasonably expected to affect their cash flows, access to finance or cost of capital over the short-, medium- or long-term. • To provide an understanding of the entity's governance processes & controls, strategy, identification processes & controls and performance in relation to the climate-related risks and opportunities and targets set.	1 January 2024 (Effective prospectively)

1. Accounting policies (continued)

1.17 New standards or amendments issued but not yet effective (continued)

IFRS / IAS and title	Details of change	Effective for periods beginning on or after:
IFRS 18 Presentation and Disclosure in Financial Statements (to replace IAS 1)	New standard: This standard deals with the presentation and disclosure of information in general purpose financial statements; new requirements: • specified totals or subtotals within the statement of profit or loss; • disclosure of management-defined performance measures; • aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes; and • consequential amendments to other accounting standards.	1 January 2027

The above standards and amendments are not expected to have a material impact on the consolidated or separate annual financial statements. IFRS S1 and S2 is currently not mandatory and management has elected not to voluntarily adopt it.

1. Accounting policies (continued)

1.18 Impact of adopting IFRS 17

Transition to IFRS 17

The date of initial application for the group is 1 January 2023 and the transition date is 1 January 2022. Given the short-term nature of obligations and adoption of the Premium Allocation Approach (PAA), the full retrospective approach for transition has been selected.

The impact of adopting IFRS 17 on the group's statement of financial position is shown below. There is no impact on the company's statement of financial position.

	31 December 2022			1 January 2022		
R'000	**As previously reported**	**Restatement**	**Restated**	**As previously reported**	**Restatement**	**Restated**
Assets						
Cash and cash equivalents	559 842	-	559 842	436 892	-	436 892
Trade and other receivables	82 924	-	82 924	61 686	-	61 686
Loans and advances	3 141 271	-	3 141 271	3 077 783	-	3 077 783
Deferred tax assets	511 136	(730)	510 406	312 520	(645)	311 875
Insurance contract assets	-	37 892	37 892	-	72 695	72 695
Other financial assets	246 638	(246 638)	-	258 036	(258 036)	-
Total assets	4 541 811	(209 476)	4 332 335	4 146 917	(185 986)	3 960 931
Liabilities						
Trade and other payables	125 310	-	125 310	88 616	-	88 616
Interest bearing liabilities	3 499 596	-	3 499 596	3 169 957	-	3 169 957
Total liabilities	3 624 906	-	3 624 906	3 258 573	-	3 258 573
Equity						
Share capital and share premium	1 300 001	-	1 300 001	1 300 001	-	1 300 001
Accumulated deficit	(594 546)	1 974	(592 572)	(599 388)	1 745	(597 643)
Fair value reserve	211 450	(211 450)	-	187 731	(187 731)	-
Equity attributable to the owners of the company	916 905	(209 476)	707 429	888 344	(185 986)	702 358
Total equity	916 905	(209 476)	707 429	888 344	(185 986)	702 358
Total equity and liabilities	4 541 811	(209 476)	4 332 335	4 146 917	(185 986)	3 960 931

1. Accounting policies (continued)

1.18 Impact of adopting IFRS 17 (continued)

The impact of adopting IFRS 17 on the group's statement of comprehensive income is shown below. There is no impact on the company's statement of comprehensive income.

	For the year ended 31 December 2022		
R'000	**As previously reported**	**Restatement**	**Restated**
Interest and other similar income	819 926	-	819 926
Interest and other similar expenses	(326 834)	-	(326 834)
Net interest income	493 092	-	493 092
Impairment of loans and advances	(493 389)	-	(493 389)
Risk adjusted net interest loss	(297)	-	(297)
Net revenue from insurance contract	-	73 291	73 291
- insurance revenue	-	132 113	132 113
- insurance service expense	-	(62 265)	(62 265)
- insurance finance income	-	3 443	3 443
Non-interest income	74 749	(72 977)	1 772
Direct costs	(1 672)	-	(1 672)
Non interest gross profit	73 077	314	73 391
Indirect costs	(266 547)	-	(266 547)
Loss before tax	(193 767)	314	(193 453)
Income tax credit	198 609	(85)	198 524
Profit for the year	4 842	229	5 071
Other comprehensive profit			
Items that will not be reclassified to profit or loss:			
Movement on equity instruments designated at FVOCI	23 719	(23 719)	-
Total comprehensive income for the year	28 561	(23 490)	5 071

R'000	Group 31 December 2023	Group 31 December 2022	Company 31 December 2023	Company 31 December 2022
2. Trade and other receivables				
Prepayments	7 392	2 230	7 392	2 230
Receivable from West Road South No. 4 (Pty) Ltd	-	79 923	-	79 923
Value added taxation receivable	139	771	139	771
Dividends receivable from Zenthyme Investments (Pty) Ltd	-	-	25 157	16 828
Dividends receivable from Bayport Tutari (RF) (Pty) Ltd	10 200	-	10 200	-
	17 731	82 924	42 888	99 752

The ECL for the West Road South No. 4 (Pty) Ltd receivable is considered not material based on expected future cash flows.

3. Loans and advances

R'000	Group 31 December 2023	Group 31 December 2022	Company 31 December 2023	Company 31 December 2022
Gross loans and advances	5 143 282	5 457 953	5 143 282	5 457 953
Allowance for impairment	(2 240 846)	(2 316 682)	(2 240 846)	(2 316 682)
	2 902 436	3 141 271	2 902 436	3 141 271
Gross loans and advances by asset type:				
Unsecured loans	5 143 282	5 457 953	5 143 282	5 457 953

Loans and advances are ceded as security for interest bearing liabilities issued by the company (refer note 8). The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of the loan extended. However, other credit enhancements such as credit insurance provide additional security.

Loans and advances and the related allowance for impairment are split into IFRS 9 stages in note 21.1.2.

The maturity profiles of gross loans and advances at the statement of financial position date prepared on a contractual repayment basis are shown below.

R'000	12 months and less	Greater than 12 months	Total
Group and company - 2023			
Gross loans and advances	2 204 110	2 939 172	5 143 282
Group and company - 2022			
Gross loans and advances	2 155 265	3 302 688	5 457 953

	Group		Company	
R'000	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**

3. Loans and advances (continued)

Allowance for impairment

R'000	Group 31 December 2023	Group 31 December 2022	Company 31 December 2023	Company 31 December 2022
Balance at beginning of the year	(2 316 682)	(2 539 063)	(2 316 682)	(2 539 063)
Impairment of loans and advances	(380 129)	(551 236)	(380 129)	(551 236)
Impairments purchased from Bayport Tutari (RF) (Pty) Ltd [1]	(3 437)	(14 168)	(3 437)	(14 168)
Utilisation of allowance for write-offs	459 402	787 785	459 402	787 785
Balance at end of the year	(2 240 846)	(2 316 682)	(2 240 846)	(2 316 682)

Impairment expense in profit or loss

R'000	Group 31 December 2023	Group 31 December 2022	Company 31 December 2023	Company 31 December 2022
Impairment of loans and advances	(380 129)	(551 236)	(380 129)	(551 236)
Interest in suspense on credit-impaired loans and advances (refer note 10)	(8 697)	57 847	(8 697)	57 847
Net impairment expense recognised in profit or loss	(388 826)	(493 389)	(388 826)	(493 389)

Related credit risk exposure:

R'000	Group 31 December 2023	Group 31 December 2022	Company 31 December 2023	Company 31 December 2022
Maximum exposure to credit losses of loans and advances	2 902 436	3 141 271	2 902 436	3 141 271

[1] BFS2010 does not originate any credit impaired loans

4. Deferred tax assets

R'000	Group 31 December 2023	Group 31 December 2022	Company 31 December 2023	Company 31 December 2022
Deferred tax assets	682 959	510 406	682 473	511 136

Movements during the year:

R'000	Group 31 December 2023	Group 31 December 2022	Company 31 December 2023	Company 31 December 2022
Deferred tax asset at beginning of year	510 406	311 875	511 136	312 520
Tax credit to profit or loss	172 553	198 531	171 337	198 616
Net deferred tax asset at end of the year	682 959	510 406	682 473	511 136

On 23 February 2022 the South African Minister of Finance announced a reduction in the corporate income tax rate from 28% to 27% for years of assessment ending on or after 31 March 2023. This tax rate reduction resulted in write-downs of the deferred tax asset of R14m and the unrecognised deferred tax asset of R8m for the financial year ended 31 December 2022. These write-downs occurred prior to the R138m previously unrecognised deferred tax asset (discussed on the next page) being recognised. The R138m previously unrecognised deferred tax asset was recognised using a corporate income tax rate of 27%.

4. Deferred tax assets (continued)

Group

R'000	Opening balance	Tax (charge) / credit due to: Timing differences	Tax rate change	Closing balance
2023				
Impairment of loans and advances	40 092	63 759	-	103 851
Estimated tax losses	474 130	107 407	-	581 537
Revenue and expense recognition timing differences	(3 816)	1 387	-	(2 429)
Net deferred tax assets	510 406	172 553	-	682 959
2022				
Impairment of loans and advances	216 148	(179 679)	3 623	40 092
Estimated tax losses	100 052	391 638	(17 560)	474 130
Revenue and expense recognition timing differences	(4 325)	395	114	(3 816)
Net deferred tax assets	311 875	212 354	(13 823)	510 406

Company

R'000	Opening balance	Tax (charge) / credit due to: Timing differences	Tax rate change	Closing balance
2023				
Impairment of loans and advances	40 092	63 759	-	103 851
Estimated tax losses	474 130	107 407	-	581 537
Revenue and expense recognition timing differences	(3 086)	171	-	(2 915)
Net deferred tax assets	511 136	171 337	-	682 473
2022				
Impairment of loans and advances	216 148	(179 679)	3 623	40 092
Estimated tax losses	100 052	391 638	(17 560)	474 130
Revenue and expense recognition timing differences	(3 680)	480	114	(3 086)
Net deferred tax assets	312 520	212 439	(13 823)	511 136

In accordance with IAS12: Income Taxes the recognition of previously unrecognised deferred tax assets should be reassessed on an annual basis. In addition, deferred tax assets should be recognised only to the extent that it is probable that there will be future taxable profit against which deductible temporary differences can be recognised.

For the financial year ended 31 December 2023 management recognised R93m (2022: R138m) of the previously unrecognised deferred tax asset. This amount was calculated using the expected future taxable income as determined through the 2023 board approved budget. The budget incorporates strategies to increase loan origination levels and thereby improve the loan book in both size and credit quality. These strategies are expected to materialise in the next 6 months.

4. Deferred tax assets (continued)

The unrecognised deferred tax assets arose as a result of impairment timing differences and tax losses. As at 31 December 2023 there was no unrecognised asset (2022: R93m comprising of R67m relating to impairment timing differences and R26m relating to tax losses).

	Group		Company	
R'000	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
5. Investment in subsidiary				
Zenthyme Investments (Pty) Ltd				
Donated shares at cost	-	-	-	-
Fair value gain	-	-	247 971	214 040
	-	-	247 971	214 040

The increase in fair value gain of R33 931 000 for 2023 (2022: R23 738 000) is included as other comprehensive income in the company's statement of comprehensive income.

The fair value is determined in accordance with the method documented in note 21.8.

	Group		Company	
R'000	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
6. Insurance contract assets				
Credit life risk measured under PAA	41 718	37 892	-	-
Of which:				
Current portion	23 368	19 542	-	-
Non-current portion	18 350	18 350	-	-

Classification of insurance contract

BFS2010 sells credit life insurance contracts to individuals when loans are originated and pays the monthly premiums collected from these third parties to the underwriter, Guardrisk. Guardrisk transfers the insurance risk for these credit life insurance contracts to Zenthyme via a shareholder and subscription agreement. This agreement is considered an in-substance reinsurance contract issued by Zenthyme and is accounted for in accordance with IFRS 17 *Insurance Contracts*.

Separating components from insurance contract

The group assessed the shareholder and subscription agreement with Guardrisk as per the requirements of paragraphs 11 and 12 of IFRS 17 and did not identify any embedded derivatives or distinct investment components that needed to be separated.

Onerous contracts

There are no facts or circumstances that indicate the contract is onerous at initial recognition and no significant possibility of it becoming onerous subsequently.

6. Insurance contract assets (continued)

Measurement of insurance contract

The group accounts for this in-substance reinsurance contract using the Premium Allocation Approach (PAA) as it is considered short term in nature as both parties have the option to terminate with 12 months' notice.

The cashflows for the in-substance reinsurance contract consist of the initial capitalisation of the insurance cell by Zenthyme, recapitalisation if required due to exceptional unforeseen circumstances (e.g. Covid-19 in 2020), refunds of capital if no longer required and the payment of distributable reserves in the form of dividends from the insurance cell to Zenthyme. There are no acquisition cashflows relating to the in-substance reinsurance contract.

However, in order to measure the in-substance reinsurance contract on an accrual basis instead of a net cash settled basis, and to provide the granularity of disclosure required by IFRS 17, the accounts of the insurance cell provided by Guardrisk have been used as a proxy for the value of the in-substance reinsurance contract. The revenue and expenses of the insurance cell are mapped to the IFRS 17 line items in the table below.

On initial recognition, the carrying amount of the liability for remaining coverage (LRC) is measured at the premiums received on initial recognition. As premiums are received and earned monthly, there is no liability for remaining coverage for the insurance cell with respect to premiums. Sundry creditors have however been allocated to the LRC on the reconciliation on the next page. The liability for incurred claims (LIC) is the insurance cell's obligation (or Zenthyme's obligation in the context of the in-substance reinsurance contract) to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported.

For subsequent measurement, the insurance cell recognises the LIC at the amount of the fulfilment cash flows relating to incurred claims using the percentage of premium method. The insurance cell has chosen to not adjust the LIC to reflect the time value of money or the effect of financial risk. Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows plus a risk adjustment for non-financial risk. The risk adjustment for non-financial risk was calculated using a 85% confidence level. The insurance cell's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort.

Presentation of insurance contract

The table below maps the insurance cell accounts to the in-substance reinsurance contract revenue and expenses reported in the statement of comprehensive income:

Income statement line	Insurance cell revenue/expense details
Insurance revenue:	Premiums received by the insurance cell less the management fee paid to Guardrisk less commissions and binder fees.
Insurance service expense:	Claims paid by the insurance cell (including movements in reserves) and taxation paid by the insurance cell. The expenses incurred by Zenthyme in administering the shareholder agreement are considered immaterial.
Insurance finance income:	Interest income of the insurance cell. The full amount is disclosed through profit or loss.

6. Insurance contract assets (continued)

Financial risks from insurance contract

The financial risks that arise from the in-substance reinsurance contract, and how these risks are managed, are detailed in note 21.5.

Reconciliation of net carrying amount of insurance assets

R'000	Investment assets in cell	LRC	LIC – PV of cashflows	LIC – risk adjustment	Total
2023					
Insurance contract asset at 1 January	56 389	(5 831)	(11 196)	(1 470)	37 892
Total recognised in income statement	5 116	142 157	(62 976)	(32)	84 265
Insurance revenue	-	142 157	-	-	142 157
Insurance service expense	-	-	(62 976)	(32)	(63 008)
Insurance finance income	5 116	-	-	-	5 116
Total cash flows	(3 830)	(139 340)	62 731	-	(80 439)
Dividend payment	(80 439)	-	-	-	(80 439)
Investment assets	116 027	-	(35 800)	-	80 227
Premium received	(39 418)	(139 340)	-	-	(178 758)
Claims and other expenses paid	-	-	98 531	-	98 531
Insurance contract asset at 31 December	57 675	(3 014)	(11 441)	(1 502)	41 718

R'000	Investment assets in cell	LRC	LIC – PV of cashflows	LIC – risk adjustment	Total
2022					
Insurance contract asset at 1 January	104 106	(18 011)	(11 864)	(1 536)	72 695
Total recognised in income statement	3 443	132 113	(62 331)	66	73 291
Insurance revenue	-	132 113	-	-	132 113
Insurance service expense	-	-	(62 331)	66	(62 265)
Insurance finance income	3 443	-	-	-	3 443
Total cash flows	(51 160)	(119 933)	62 999	-	(108 094)
Dividend payment	(79 094)	-	-	-	(79 094)
Capital redemption	(29 000)	-	-	-	(29 000)
Investment assets	103 120	-	(26 803)	-	76 317
Premium received	(46 186)	(119 933)	-	-	(166 119)
Claims and other expenses paid	-	-	89 802	-	89 802
Insurance contract asset at 31 December	56 389	(5 831)	(11 196)	(1 470)	37 892

		Group		Company	
	R'000	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
7.	**Trade and other payables**				
	Trade payables and accruals	12 729	22 377	12 729	22 377
	Interest payable	100 294	82 331	100 294	82 331
	Payable to Bayport Financial Services 2010 (Pty) Ltd	16 094	16 094	-	-
	Payable to Bayport Tutari (RF) (Pty) Ltd	-	4 508	-	4 508
	Payable to West Road South No 4 (RF) (Pty) Ltd	21 333	-	21 333	-
		150 450	125 310	134 356	109 216
8.	**Interest bearing liabilities**				
	Notes, debentures and loans				
	Senior debt (class A notes) [1]	2 428 689	2 417 157	2 428 689	2 417 157
	Mezzanine debt (class B notes) [1]	675 300	712 300	675 300	712 300
	Junior debentures: Bayport Financial Services 2010 (Pty) Ltd	199 000	199 000	199 000	199 000
	Loan: Bayport Financial Services 2010 (Pty) Ltd	18 659	171 139	18 659	171 139
		3 321 648	3 499 596	3 321 648	3 499 596
	Payable within 12 months	901 198	859 976	901 198	859 976
	Payable thereafter	2 420 450	2 639 620	2 420 450	2 639 620
		3 321 648	3 499 596	3 321 648	3 499 596
	Fixed rate loans	684 700	548 700	684 700	548 700
	Variable rate loans	2 636 948	2 950 896	2 636 948	2 950 896
		3 321 648	3 499 596	3 321 648	3 499 596
	Undrawn facility at year end	-	-	-	-

[1] Senior and mezzanine debt issuances and repayments are shown in note 18.

The company is not in breach or default of any provisions of the terms or conditions of the agreements governing borrowings.

A maturity analysis of actual future cash flows is included in the liquidity risk management section (refer to note 21.3).

The company operates in accordance with the Bayport Securitisation Programme Memorandum which stipulates how the priority of payments is to be affected.

The company has appointed Nutun Digital Business Services (formerly Transaction Capital Recoveries) as the stand-by administrator who can step into the role of manager if called upon to do so by the senior noteholders.

8. Interest bearing liabilities (continued)

Johannesburg Interbank Average Rate ("JIBAR") is the only interbank interest rate benchmark used to calculate the interest expense on the group's liabilities. The South African Reserve Bank ("SARB") announced that it intends replacing JIBAR with the South African Rand Overnight Index Average ("ZARONIA") at some future point. Current expectations are that the replacement will occur in 2024.

The SARB began publishing ZARONIA rates with effect from 2 November 2022 and the observation period ended on 3 November 2023. SARB have advised market participants that they may now use ZARONIA as a reference rate in financial contracts.

The financial impact of the conversion from JIBAR to ZARONIA cannot be calculated at present.

Senior debt – group and company

2023	**Balance R'000**	**Interest**	**Maturity**
Fixed rate loans	646 700	12.12% to 14.89%	30 September 2026 to 30 September 2030
Variable rate loans	1 781 989	JIBAR plus 3.8% to JIBAR plus 5.0%	31 March 2024 to 30 June 2028
	2 428 689		

2022	**Balance R'000**	**Interest**	**Maturity**
Fixed rate loans	510 700	12.18%	31 March 2026
Variable rate loans	1 906 457	JIBAR plus 3.8% to JIBAR plus 5.0%	31 March 2023 to 30 September 2027
	2 417 157		

The following has been ceded as security for senior debt:

- Pledge and cession of the company's title and interest in loans and advances (refer note 3); and
- The bank accounts of the company (refer note 19).

Mezzanine debt – group and company

2023	**Balance R'000**	**Interest**	**Maturity**
Variable rate loans	675 300	JIBAR plus 6.15% to JIBAR plus 6.75%	30 September 2024 to 31 March 2027
	675 300		

2022	**Balance R'000**	**Interest**	**Maturity**
Variable rate loans	712 300	JIBAR plus 6.15% to JIBAR plus 6.75%	30 September 2023 to 30 June 2026
	712 300		

8. Interest bearing liabilities (continued)

Junior debentures

Group and company (2023 and 2022)

Junior debentures are made up of the following tranches:

Start date	Repayment date	Interest rate	Balance R'000
30 September 2010	2 July 2035	Prime plus 1.5%	34 000
30 September 2010	2 July 2035	17.01% per annum	13 000
30 September 2010	2 July 2035	18.69% per annum	25 000
17 May 2010	2 July 2035	Prime plus 2%	27 000
16 April 2010	2 July 2035	JIBAR plus 7.12%	50 000
16 April 2010	2 July 2035	Prime plus 1.5%	50 000
			199 000

Loan from Bayport Financial Services 2010 (Proprietary) Limited

The R19 million loan from Bayport Financial Services 2010 (Proprietary) Limited at 31 December 2023 is non-interest bearing (2022: R171 million). There are no fixed repayment terms.

R'000	Group 31 December 2023	Group 31 December 2022	Company 31 December 2023	Company 31 December 2022
9. Share capital and share premium				
Authorised share capital				
100 non-redeemable preference shares of R1 each	0.1	0.1	0.1	0.1
45 ordinary shares of R20 each	0.9	0.9	0.9	0.9
	1.0	1.0	1.0	1.0
Issued share capital				
100 non-redeemable preference shares of R1 each	0.1	0.1	0.1	0.1
25 ordinary shares of R20 each	0.5	0.5	0.5	0.5
Share premium				
Share premium on buy-back and re-issue of 1 preference share	1 300 000.0	1 300 000.0	1 300 000.0	1 300 000.0
	1 300 000.6	1 300 000.6	1 300 000.6	1 300 000.6

	Group		Company	
R'000	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
10. Net interest income				
Interest and other similar income is earned from:				
Loans and advances	719 695	813 576	719 695	813 576
Interest in suspense on credit-impaired loans and advances [1]	8 697	(57 847)	8 697	(57 847)
	728 392	755 729	728 392	755 729
Cash	30 792	33 354	30 756	33 327
Service fees	28 484	30 843	28 484	30 843
	787 668	819 926	787 632	819 899
Interest and other similar expenses are paid on:				
Interest bearing liabilities	420 905	326 834	420 905	326 834
Interest and other similar income	787 668	819 926	787 632	819 899
Interest and other similar expense	(420 905)	(326 834)	(420 905)	(326 834)
	366 763	493 092	366 727	493 065

[1] The debtors management system records the gross carrying amount of loans and calculates interest income on these gross balances. IFRS 9 and the group's interest income accounting policy (refer note 1.3) requires interest income to be calculated on the net carrying value (gross carrying value less impairment provision for expected credit losses) for credit-impaired loans. This line is the adjustment to reflect interest income on the net carrying value for credit-impaired loans. A corresponding adjustment is made to the impairment expense (refer note 3).

	Group		Company	
R'000	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
11. Non-interest income				
Dividends received from:				
- Zenthyme Investments (Pty) Ltd	-	-	88 768	72 977
- Bayport Tutari (RF) (Pty) Ltd	10 200	-	10 200	-
Legal collection costs on-charged to customers	1 254	1 723	1 254	1 723
Sundry income	-	49	-	49
	11 454	1 772	100 222	74 749

		Group		Company	
	R'000	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
12.	**Direct costs**				
	Transactional costs	51	59	50	57
	Funding and listing fees	3 023	1 612	3 023	1 612
	Legal collection costs	1	1	1	1
		3 075	1 672	3 074	1 670
13.	**Indirect costs**				
	Management fees	235 091	234 451	235 091	234 451
	VAT not claimed [1]	32 234	31 528	32 234	31 528
	Directors fees [2]	279	260	279	260
	Compliance costs	246	248	246	248
	Consulting fees	61	60	61	60
		267 911	266 547	267 911	266 547

[1] Only a portion of input VAT can be claimed as goods and services are not acquired exclusively in the course of making taxable supplies.
[2] There are no employee costs in the group or company other than directors fees. BFS2010 provides employees who are responsible for the day-to-day operations of the group and company and are compensated via the management fee charged.

14.	**Income tax credit**				
	South African normal taxation:				
	Current taxation	(10)	(7)	-	-
	Current year	(10)	(7)	-	-
	Prior year	-	-	-	-
	Deferred taxation	172 553	198 531	171 337	198 616
	Current year	172 553	198 531	171 337	198 616
	Prior year	-	-	-	-
		172 543	198 524	171 337	198 616
	Tax rate reconciliation:				
	South African corporate tax rate	27%	28%	27%	28%
	Dividends received exempt	13%	11%	14%	10%
	Write-down of deferred tax assets to 27% corporate tax rate	-	(7%)	-	(7%)
	Recognition of previously unrecognised deferred tax (refer note 4)	47%	71%	48%	71%
	Effective tax rate	87%	103%	89%	102%

R'000	Group 31 December 2023	Group 31 December 2022	Company 31 December 2023	Company 31 December 2022
15. Cash utilised by operations				
Loss before tax	(197 330)	(193 453)	(192 862)	(193 792)
Adjusted for:				
Interest income	(759 184)	(789 083)	(759 148)	(789 056)
Interest expenses	420 905	326 834	420 905	326 834
Net revenue from insurance contract	(84 265)	(73 291)	-	-
Movement in allowance for impairment	(75 836)	(222 381)	(75 836)	(222 381)
Dividends received	(10 200)	-	(98 968)	(72 977)
	(705 910)	(951 374)	(705 909)	(951 372)
16. Income taxes paid				
Amounts receivable at beginning of the year	-	-	-	-
Charged in the statement of comprehensive income	10	7	-	-
Amounts receivable at end of the year	2	-	-	-
	12	7	-	-
17. Dividends received				
Amounts receivable at beginning of the year	16 828	22 945	16 828	43 581
Dividends declared for the year	98 968	72 977	98 968	72 977
Amounts receivable at end of the year	(35 357)	(16 828)	(35 357)	(16 828)
	80 439	79 094	80 439	99 730

		Group		Company	
	R'000	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
18.	**Increase in senior and mezzanine debt**				
	Senior debt (class A notes):				
	Carrying value at beginning of the year	2 417 157	2 213 992	2 417 157	2 213 992
	Raising new debt	975 200	1 114 000	975 200	1 114 000
	Debt repayments	(963 668)	(910 835)	(963 668)	(910 835)
	Carrying value at end of the year [1]	2 428 689	2 417 157	2 428 689	2 417 157
	Mezzanine debt (class B notes):				
	Carrying value at beginning of the year	712 300	578 300	712 300	578 300
	Raising new debt	130 000	545 300	130 000	545 300
	Debt repayments	(167 000)	(411 300)	(167 000)	(411 300)
	Carrying value at end of the year [1]	675 300	712 300	675 300	712 300
	Senior and mezzanine debt:				
	Raising new debt	1 105 200	1 659 300	1 105 200	1 659 300
	Debt repayments	(1 130 668)	(1 322 135)	(1 130 668)	(1 322 135)
	Increase in senior and mezzanine debt	(25 468)	337 165	(25 468)	337 165

[1] Refer to note 8.

19.	**Cash and cash equivalents**				
	Bank balances	328 431	450 463	328 085	450 140
	Money market fund	495	4 644	495	4 644
	STeFI fund	180 968	104 735	180 968	104 735
		509 894	559 842	509 548	559 519

At 31 December 2023 cash and cash equivalent balances carry interest at rates ranging from 5.75% to 9.17% (2022: 4.50% to 7.54%) per annum. There are no overdraft facilities on any of the bank accounts. Cash and cash equivalent balances are ceded as security for interest bearing liabilities issued by the company (refer note 8).

Balances can be withdrawn from the money market fund on the same day the request is submitted and on the following day for the STeFI fund.

In terms of the Bayport Securitisation Programme Memorandum, R250 million of cash and cash equivalents are held as a liquidity reserve as at 31 December 2023 (2022: R250 million).

R'000	Group 31 December 2023	Group 31 December 2022	Company 31 December 2023	Company 31 December 2022
20. Related parties				
Relationships				
Company which exercises control and provides management services: Bayport Financial Services 2010 (Proprietary) Limited [1]				
Related party balances				
Junior debentures issued to Bayport Financial Services 2010 (Proprietary) Limited (refer note 8)	(199 000)	(199 000)	(199 000)	(199 000)
Loan from Bayport Financial Services 2010 (Proprietary) Limited (refer note 8)	(18 659)	(171 139)	(18 659)	(171 139)
Payable to Bayport Financial Services 2010 (Proprietary) Limited [2]	(16 094)	(16 094)	-	-
(Payable to) / receivable from West Road South No. 4 (RF) (Pty) Ltd [2,3]	(21 333)	79 923	(21 333)	79 923
Payable to Bayport Tutari (RF) (Pty) Ltd [2,3]	-	(4 508)	-	(4 508)
Investment in Zenthyme Investments (Proprietary) Limited	-	-	247 971	214 040
Dividend receivable from Zenthyme Investments (Proprietary) Limited	-	-	25 157	16 828
Dividend receivable from Bayport Tutari (RF) (Pty) Ltd [3]	10 200	-	10 200	-
Related party transactions				
Interest expense on junior debentures: Bayport Financial Services 2010 (Proprietary) Limited	(28 919)	(24 334)	(28 919)	(24 334)
Management fee expense: Bayport Financial Services 2010 (Pty) Ltd	(235 091)	(234 451)	(235 091)	(234 451)
Dividends received: Zenthyme Investments (Proprietary) Limited	-	-	88 768	72 977
Dividends received: Bayport Tutari (RF) (Pty) Ltd [3]	10 200	-	10 200	-

[1] The ultimate holding company is the Government Employees Pension Fund.
[2] Loans are interest free and payable on demand.
[3] Bayport Tutari (RF) (Pty) Ltd and West Road South No. 4 (RF) (Pty) Ltd are related parties as Bayport Financial Services 2010 (Pty) Ltd has effective control of these entities.

21. Financial risk management and governance

The board of directors of the company is ultimately responsible for financial risk management and governance. The day-to-day management of the company is the responsibility of BFS 2010 through the authority granted by the board of the company by way of the management agreement between the company and BFS 2010. The shareholders have constituted an audit committee which comprises three independent non-executive directors and meets at least bi-annually. Invitees to the audit committee meetings include the external auditors, the internal auditors as well as representatives of BFS 2010.

The audit committee assists the board with:

- combined assurance;
- internal audit;
- external audit; and
- governance.

21.1 Credit risk

Credit risk is the possibility of a loss occurring due to a borrower's failure to repay a loan or to satisfy contractual obligations.

21.1.1 Credit risk management and measurement

BFS 2010 has constituted a credit committee. The credit committee is the ultimate custodian of the credit policy which governs the terms and conditions under which a credit application will be processed, assessed, approved or declined and ensures that the credit decision is at all times within the ambit and scope of the credit granting criteria that form part of the Domestic Medium Term Note (DMTN) programme memorandum. Adherence to the BFS 2010 credit policy, credit granting criteria and decisions taken by the credit committee are reported to the board on a quarterly basis.

The credit policy is designed to ensure that the credit process is efficient for the applicant while also providing the company with the necessary details to make an informed credit decision. A three stage approach to credit advancement is applied:

- assessing basic credit criteria;
- scoring the individual against a proprietary scorecard; and
- verifying details and performing an affordability check.

The company manages its exposure to credit losses by monitoring the credit granting criteria applied by BFS 2010. These criteria include assessing the affordability, risk profile and employment stability of prospective clients. Impairments are monitored and provided for using statistical techniques including experiential and behavioural models. These models are based on customers' financial performance information and assume that, under normal trading conditions, recent performance is a strong indicator of future performance. Models are either developed internally or by expert external advisors.

21. Financial risk management and governance (continued)

21.1 Credit risk (continued)

21.1.1 Credit risk management and measurement (continued)

The inputs, assumptions and techniques used for estimating impairment are summarised below:

Definition of default

An exposure will have defaulted once it is more than 90 days past due. This aligns to CD4 and above and/or CCD4 and above. Default is an indicator that an exposure has become credit-impaired.

Incorporation of forward-looking information

The group has modelled its loss rate and can find no correlation between the credit losses that arise and varying macro-economic scenarios. The forecast macro-economic scenarios considered are not expected to result in a materially different loss rate to that previously experienced. Therefore the best estimate of the overall loss rate in the future is the same as that observed historically.

Measurement of expected credit losses (ECL)

The key inputs into the measurement of ECL are the following variables:

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD); and
- Effective interest rate (EIR).

These parameters have been derived by utilising internal historical data.

PD parameters are estimated, at a point in time, using internal historical default data and industry standard statistical models. Both performing and non-performing exposures are considered in the PD calculation, where the PD model tracks the default behavior of performing accounts over the remaining life of the loan. For stage 1 account this is limited to a 12 month period.

LGD is the magnitude of the likely loss upon default. The group estimates LGD parameters based on the expected future recoveries over the remaining lifetime of a defaulted account. The LGD models are segmented by the collection strategy (i.e. early stage, late stage, EAO etc.) and the contractual and cured contractual delinquency (which is indicative of the age of the default). They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure at the point of default. The EAD is estimated, using internal historical default data, as the outstanding balance at the point of default divided by the outstanding balance in the observation month. Only loans that default will be considered in the estimation of the EAD. As such, the EAD allows for amortisation of the loan as well as potential future amounts that may be drawn under the contract. This is estimated both over the next 12 months (12 month ECL), and over the lifetime (lifetime ECL).

21. Financial risk management and governance (continued)

21.1 Credit risk (continued)

21.1.1 Credit risk management and measurement (continued)

Measurement of expected credit losses (ECL) (continued)

As described above, stage 1 financial assets are measured under a 12 month ECL which considers the likelihood of default within the next 12 months, the expected outstanding balance at this default point and the expected losses during default. For financial assets that have shown a significant increase in credit risk, the group measures ECL considering the risk of default over the lifetime / behavioural period (including any borrower's extension options, representing the period the account is exposed to risk) as well as the balance at this point with the associated expected loss. This lifetime is used even if, for risk management purposes, the group considers a longer period.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- Number of months on book;
- Collection strategy; and
- Contractual and cured contractual delinquency location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogenous.

Generating the term structure of PD

PD is the probability that an account enters default at some point in the future, where default is defined as CD4+ and CCD4+. The PD term structure introduces a timing (ageing) element to the PD, where the term structure (life of the loan) is broken down into the annualised periods.

Significant increase in credit risk

Both quantitative as well as qualitative indicators of significant increases in credit risk have been considered.

Quantitative factors

The credit risk of exposures will be considered to have increased significantly (i.e. items are classified as stage 2) when an exposure is categorised in the following CD buckets:

- CD 1 to CD 3 (1 to 3 missed payments); and
- CCD 1 to CCD 3.

Qualitative factors

- Testing has been performed using bureau data as well as past delinquency, however the results have been inconclusive.
- If behavioural or other relevant data becomes available and proves to provide conclusive results, it will be considered for inclusion in staging criteria.

Currently within the industry, a missed payment is the leading indicator of a significant increase in credit risk.

21. Financial risk management and governance (continued)

21.1 Credit risk (continued)

21.1.1 Credit risk management and measurement (continued)

Modified financial assets

At times, customers may miss instalments or only pay a partial instalment. The remaining unpaid amount will be considered as being in arrears and will continue to incur interest until paid. In some circumstances, the group modifies the terms of these loans provided to customers. This occurs in the following instances:

- Debt review – court order;
- Credit life substitution;
- Emolument attachment orders (EAOs); and
- Administration orders.

Despite the changes made to the existing terms and conditions of the loan in each of the above scenarios, the objective is to maximise recoveries. Such restructuring activities include extended payment terms, payment holidays or temporary reductions in instalments. Restructuring policies and practices are based on indicators or criteria that, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk identified under the original terms at initial recognition, when the modification is not substantial and does not result in derecognition of the original asset. The group monitors the subsequent performance of such modified assets and the related impact on the potential significant increase in credit risk. These assets are usually classified within stages 2 or 3 and will move between stages depending whether the loan is cured or default occurs again.

Modifications to loan agreements relate to stage 2 and 3 customers experiencing financial difficulty and are entered into with the objective of maximising recoveries. These loans remain in stage 2 and 3 and the impact of the modification is incorporated when assessing lifetime expected credit losses together with the modification to the gross carrying amount of the related loans. The offsetting effect of the modification adjustment to the gross carrying value of the loans against the corresponding impact on the loss allowance results in an immaterial net movement.

21.1.2 Financial assets subject to credit risk

	Group		Company	
R'000	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Cash	509 894	559 842	509 548	559 519
Trade and other receivables	10 200	79 923	35 357	96 751
Loans and advances	2 902 436	3 141 271	2 902 436	3 141 271
	3 422 530	3 781 036	3 447 341	3 797 541

21. Financial risk management and governance (continued)

21.1 Credit risk (continued)

21.1.2 Financial assets subject to credit risk (continued)

The table below summarises the IFRS 9 categories of expected credit losses (ECL) for financial assets:

	Definition	Calculation of ECL
Stage 1	Low credit risk or no significant increase in credit risk since initial recognition	12 month expected credit losses
Stage 2	Significant increase in credit risk since initial recognition but not credit-impaired	Lifetime expected credit losses
Stage 3	Objective evidence that asset has become credit-impaired since initial recognition	Lifetime expected credit losses

The following table shows the gross carrying amount of loans and advances carried at amortised cost and the ECL per IFRS 9 stage:

Group and company

R'000	Gross book	ECL	Net book	ECL % of gross book
31 December 2023				
Stage 1	1 541 515	(32 448)	1 509 067	2.1%
Stage 2	653 299	(64 524)	588 775	9.9%
Stage 3	2 948 468	(2 143 874)	804 594	72.7%
Total	5 143 282	(2 240 846)	2 902 436	43.6%
31 December 2022				
Stage 1	1 503 726	(21 494)	1 482 232	1.4%
Stage 2	821 592	(79 725)	741 867	9.7%
Stage 3	3 132 635	(2 215 463)	917 172	70.7%
Total	5 457 953	(2 316 682)	3 141 271	42.4%

The contractual balances of loans partially derecognised that are still subject to enforcement activity amounted to R3 544 million (2022: R4 074 million) at the reporting date. An amount of R934 million (2022: R841 million) in respect of these balances has been recognised as stage 3 loans.

21. Financial risk management and governance (continued)

21.1 Credit risk (continued)

Cash and trade and other receivables are carried at amortised cost and have been assessed to have an immaterial expected credit loss.

Financial risk management of the insurance contract assets is detailed in note 21.5.

21.1.3 Reconciliation of gross loans and advances

R'000	Stage 1	Stage 2	Stage 3	Total
Group and company				
2023				
Opening balance	1 503 726	821 592	3 132 635	5 457 953
Originations	449 279	30 038	37 072	516 389
Purchases of loans	522 978	5 733	2 466	531 177
Existing book movements	(396 338)	(126 398)	484 545	(38 191)
Partial derecognition	(65)	(21 189)	(411 438)	(432 692)
Derecognition (settlements in the ordinary course of business)	(538 065)	(56 477)	(296 812)	(891 354)
Total gross loans and advances	1 541 515	653 299	2 948 468	5 143 282
2022				
Opening balance	1 365 409	865 453	3 385 984	5 616 846
Originations	783 710	92 630	97 768	974 108
Purchases of loans	474 487	10 147	2 437	487 071
Existing book movements	(530 448)	(69 525)	577 995	(21 978)
Partial derecognition	-	(19 352)	(473 636)	(492 988)
Derecognition (settlements in the ordinary course of business)	(589 432)	(57 761)	(457 913)	(1 105 106)
Total gross loans and advances	1 503 726	821 592	3 132 635	5 457 953

21. Financial risk management and governance (continued)

21.1 Credit risk (continued)

21.1.4 Reconciliation of loans and advances' expected credit loss (ECL)

R'000	Stage 1	Stage 2	Stage 3	Total
Group and company				
2023				
Opening balance	(21 494)	(79 725)	(2 215 463)	(2 316 682)
Originations	(10 005)	(2 684)	(5 260)	(17 949)
Purchases of loans	(6 164)	(449)	(141)	(6 754)
Existing book movements [1]	(1 558)	10 040	(303 063)	(294 581)
Partial derecognition	2	2 800	299 621	302 423
Derecognition (settlements in the ordinary course of business)	6 771	5 494	80 432	92 697
Total ECL	(32 448)	(64 524)	(2 143 874)	(2 240 846)
2022				
Opening balance	(47 165)	(180 171)	(2 311 727)	(2 539 063)
Originations	(9 691)	(5 210)	(22 936)	(37 837)
Purchases of loans	(12 062)	(2 173)	(1 718)	(15 953)
Existing book movements [1]	29 460	90 032	(288 324)	(168 832)
Partial derecognition	-	5 694	325 979	331 673
Derecognition (settlements in the ordinary course of business)	17 964	12 103	83 263	113 330
Total ECL	(21 494)	(79 725)	(2 215 463)	(2 316 682)

[1] The majority of the stages 1 and 2 movement has gone into stage 3

21.1.5 Cash

The group limits its counterparty exposure arising from money market instruments by dealing only with well-established financial institutions of high credit standing.

The group's policy is to maintain cash and short-term investments with various financial institutions to limit its exposure to any one financial institution. Deposits are placed only with South African banks and limited financial institutions. At the date of the statement of financial position, the group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

21. Financial risk management and governance (continued)

21.2 Interest rate risk

Interest rate risk is the risk of loss arising from the fair value of future cash flows of a financial instrument because of changes in market interest rates.

The company is exposed to interest rate risk as it borrows and places funds. This risk is managed by utilising an appropriate mix of fixed and variable rate borrowings and by placing funds on short term deposit. Loans and advances to customers are at fixed interest rates and thus are not subject to interest rate risk.

The company has exposure to the effects of fluctuations in the prevailing levels of market interest rates on both the value of interest sensitive assets and liabilities and cash flows. The table below summarises the exposure to interest rate risk through grouping liabilities and assets into repricing categories, determined to be the earlier of contractual repricing date or maturity.

21.2.1 Risk profile of interest bearing liabilities and assets

R'000	Variable rate liabilities	Fixed rate liabilities	Variable rate assets	Fixed rate assets	Net assets / (liabilities)
Group					
2023					
Borrowing / unsecured lending	(2 636 948)	(684 700)	509 894	2 902 436	90 682
	(2 636 948)	(684 700)	509 894	2 902 436	90 682
2022					
Borrowing / unsecured lending	(2 950 896)	(548 700)	559 842	3 141 271	201 517
	(2 950 896)	(548 700)	559 842	3 141 271	201 517
Company					
2023					
Borrowing / unsecured lending	(2 636 948)	(684 700)	509 548	2 902 436	90 336
	(2 636 948)	(684 700)	509 548	2 902 436	90 336
2022					
Borrowing / unsecured lending	(2 950 896)	(548 700)	559 519	3 141 271	201 194
	(2 950 896)	(548 700)	559 519	3 141 271	201 194

21. Financial risk management and governance (continued)

21.2 Interest rate risk (continued)

21.2.2 Weighted average interest rates are as follows:	Bank balances	Borrowings
Group and company		
2023		
Interest bearing assets / (liabilities)	6.9%	(13.5%)
2022		
Interest bearing assets / (liabilities)	5.3%	(11.3%)

Refer to note 8 for the replacement of JIBAR with ZARONIA.

21. Financial risk management and governance (continued)

21.2 Interest rate risk (continued)

21.2.3 Sensitivity analysis

The impacts of a 1% move in interest rates on the group's profit before tax per asset or liability that is sensitive to a change in interest rates are shown below. An increase in interest rates contributes positively to profit before tax for assets and negatively to profit before tax for liabilities. The opposite impact arises for a decrease in interest rates.

Group **R'000**	**Fair value**	**Effect on profit before tax of 1% change in rates**	**Total carrying value of asset / liability classes**
31 December 2023			
Assets			
Cash	509 894	5 099	509 894
Trade and other receivables	17 731	-	17 731
Loans and advances	2 902 436	-	2 902 436
	3 430 061	5 099	3 430 061
Liabilities			
Trade and other payables	150 450	-	150 450
Interest bearing borrowings	3 321 648	26 369	3 321 648
- Variable rate borrowings	2 636 948	26 369	2 636 948
- Fixed rate borrowings	684 700	-	684 700
	3 472 098	26 369	3 472 098
31 December 2022			
Assets			
Cash	559 842	5 596	559 842
Trade and other receivables	82 924	-	82 924
Loans and advances	3 141 271	-	3 141 271
	3 784 037	5 596	3 784 037
Liabilities			
Trade and other payables	125 310	-	125 310
Interest bearing borrowings	3 499 596	29 509	3 499 596
- Variable rate borrowings	2 950 896	29 509	2 950 896
- Fixed rate borrowings	548 700	-	548 700
	3 624 906	29 509	3 624 906

21. Financial risk management and governance (continued)

21.2 Interest rate risk (continued)

21.2.3 Sensitivity analysis (continued)

The impacts of a 1% move in interest rates on the company's profit before tax per asset or liability that is sensitive to a change in interest rates are shown below. An increase in interest rates contributes positively to profit before tax for assets and negatively to profit before tax for liabilities. The opposite impact arises for a decrease in interest rates.

Company **R'000**	**Fair value**	**Effect on profit before tax of 1% change in rates**	**Total carrying value of asset / liability classes**
31 December 2023			
Assets			
Cash	509 548	5 095	509 548
Trade and other receivables	42 888	-	42 888
Loans and advances	2 902 436	-	2 902 436
Investment in subsidiaries	247 971	-	247 971
	3 702 843	5 095	3 702 843
Liabilities			
Trade and other payables	134 356	-	134 356
Interest bearing borrowings	3 321 648	26 369	3 321 648
- Variable	2 636 948	26 369	2 636 948
- Fixed	684 700	-	684 700
	3 456 004	26 369	3 456 004
31 December 2022			
Assets			
Cash	559 519	5 595	559 519
Trade and other receivables	99 752	-	99 752
Loans and advances	3 141 271	-	3 141 271
Investment in subsidiaries	214 040	-	214 040
	4 014 582	5 595	4 014 582
Liabilities			
Trade and other payables	109 216	-	109 216
Interest bearing borrowings	3 499 596	29 509	3 499 596
- Variable	2 950 896	29 509	2 950 896
- Fixed	548 700	-	548 700
	3 608 812	29 509	3 608 812

21. Financial risk management and governance (continued)

21.3 Liquidity risk management

Liquidity risk is the risk that the company is unable to meet payment obligations when they fall due or that insufficient funds are available to meet loan demands in the ordinary course of business. The company's objectives in relation to liquidity risk management are to manage the contractual mismatch between cash inflows from assets and cash outflows to liabilities, to fund the expected statement of financial position growth, to honour all cash outflow commitments, to avoid raising funds at market premiums or through the forced sale of assets as a result of liquidity pressure, and to take advantage of attractive but unanticipated borrowing opportunities.

The board of directors is ultimately responsible for the management of liquidity risk and to this end makes use of the asset and liability committee (ALCO) of Bayport Financial Services 2010 (Proprietary) Limited. The monitoring and reporting of liquidity risk takes the form of, as a minimum, cash flow projections, an analysis of the company's borrowing facilities and utilisation thereof, borrowing facilities under discussion, maturity profile and concentration of liability by counterparty, asset maturities and borrowing facility obligations and special conditions.

Bayport Management Limited's Capital Markets (CM) team is responsible for executing on fund raising mandates given to it by the company. This includes the on-going assessment and evaluation of various funding sources designed to grow and diversify the company's funding base in order to achieve an optimal funding profile and sound liquidity risk management. The CM team assists with the on-going monitoring of asset portfolio performance and its impact on borrowing covenants.

The company manages its daily cash flow requirements to ensure funding covenants are maintained within acceptable risk tolerances and to produce financial projections to monitor the impact of business trends in order to notify the CM team of any changes to the business environment that may impact funding requirements.

The table below analyses financial liabilities at the statement of financial position date by contractual maturity dates. The amounts disclosed in the tables are the expected undiscounted cash flows including interest payable until maturity of the various liabilities.

R'000	0 to 3 months	4 to 12 months	1 to 3 years	3 to 5 years	> 5 years	Total
Group - 2023						
Trade and other payables (note 7)	150 450	-	-	-	-	150 450
Interest bearing liabilities (note 8)	528 423	755 051	1 840 665	856 257	716 724	4 697 120
Cash flows from financial liabilities	678 873	755 051	1 840 665	856 257	716 724	4 847 570
Group - 2022						
Trade and other payables	125 310	-	-	-	-	125 310
Interest bearing liabilities	401 312	753 114	1 995 065	1 054 947	403 336	4 607 774
Cash flows from financial liabilities	526 622	753 114	1 995 065	1 054 947	403 336	4 733 084

21. Financial risk management and governance (continued)

21.3 Liquidity risk management (continued)

R'000	0 to 3 months	4 to 12 months	1 to 3 years	3 to 5 years	> 5 years	Total
Company - 2023						
Trade and other payables	134 356	-	-	-	-	134 356
Interest bearing liabilities	528 423	755 051	1 840 665	856 257	716 724	4 697 120
Cash flows from financial liabilities	662 779	755 051	1 840 665	856 257	716 724	4 831 476
Company - 2022						
Trade and other payables	109 216	-	-	-	-	109 216
Interest bearing liabilities	401 312	753 114	1 995 065	1 054 947	403 336	4 607 774
Cash flows from financial liabilities	510 528	753 114	1 995 065	1 054 947	403 336	4 716 990

21.4 Capital management

The objective of the company's capital management strategy is to maximise shareholders' value whilst maintaining a strong capital base so as to retain investor and creditor confidence and to sustain future growth of the businesses of the company. To achieve this, the company considers the capital required to support growth, maintain credit ratings and to comply with debt covenants. The company defines capital as equity and loans from BFS2010.

The board of directors monitors the cost of capital, which is defined as the weighted average cost of capital, taking into account the company's internally calculated cost of equity (shareholder funding) and long term cost of debt assumptions.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position.

21.5 Insurance risk

BFS2010 sells credit life insurance contracts to individuals when loans are originated and pays the monthly premiums collected from these third parties to the underwriter, Guardrisk. Guardrisk transfers the insurance risk for these credit life insurance contracts to Zenthyme via a shareholder and subscription agreement. There is insurance risk for the group (the company and Zenthyme consolidated) but not for the company on a stand-alone basis.

Guardrisk Life is licenced to underwrite credit life policies sold by BFS2010 subject to the requirements of the Prudential Authority or the Financial Sector Conduct Authority (FSCA). One of these requirements is compliance with the Solvency Assessment and Management (SAM) regime which ensures assets are held in excess of insurance contract liabilities calculated on a regulatory basis. The requirement ensures the insurance cell is able to meet its obligations over the next 12 months. Breaching this requirement – the solvency capital requirements (SCR) – would result in supervisory intervention by the lead regulator and remedial actions designed to restore the SCR level of capital. The insurance cell complied with all externally imposed capital requirements during 2023 and 2022.

Claims are assessed by the BFS2010 insurance department and an external underwriting manager against policy terms and conditions to ensure only valid claims are paid.

Monthly meetings are held between BFS2010, Guardrisk and the underwriting manager to analyse actual claims experience, pricing, policies, procedures, risks and regulations so that corrective action can be taken if required.

21. Financial risk management and governance (continued)

21.6 Categorisation – statement of financial position

Group – 31 December 2023

R'000	Fair value through other comprehensive income	Fair value through profit or loss	Financial assets carried at amortised cost	Non-financial assets	Total
Assets					
Cash	-	-	509 894	-	509 894
Tax receivable	-	-	-	2	2
Trade and other receivables	-	-	10 200	7 531	17 731
Loans and advances	-	-	2 902 436	-	2 902 436
Deferred tax assets	-	-	-	682 959	682 959
Insurance contract asset	-	-	-	41 718	41 718
	-	-	3 422 530	732 210	4 154 740

R'000	Financial liabilities carried at amortised cost	Non-financial liabilities / equity	Total
Equity and liabilities			
Trade and other payables	150 450	-	150 450
Interest bearing liabilities	3 321 648	-	3 321 648
Shareholder's surplus	-	682 642	682 642
	3 472 098	682 642	4 154 740

Group – 31 December 2022

R'000	Fair value through other comprehensive income	Fair value through profit or loss	Financial assets carried at amortised cost	Non-financial assets	Total
Assets					
Cash	-	-	559 842	-	559 842
Trade and other receivables	-	-	79 923	3 001	82 924
Loans and advances	-	-	3 141 271	-	3 141 271
Deferred tax assets	-	-	-	510 406	510 406
Insurance contract asset	-	-	-	37 892	37 892
	-	-	3 781 036	551 299	4 332 335

R'000	Financial liabilities carried at amortised cost	Non-financial liabilities / equity	Total
Equity and liabilities			
Trade and other payables	125 310	-	125 310
Interest bearing liabilities	3 499 596	-	3 499 596
Shareholder's surplus	-	707 429	707 429
	3 624 906	707 429	4 332 335

21. Financial risk management and governance (continued)

21.6 Categorisation – statement of financial position (continued)

Company - 31 December 2023

R'000	Fair value through other comprehensive income	Fair value through profit or loss	Financial assets carried at amortised cost	Non-financial assets	Total
Assets					
Cash	-	-	509 548	-	509 548
Trade and other receivables	-	-	35 357	7 531	42 888
Loans and advances	-	-	2 902 436	-	2 902 436
Deferred tax assets	-	-	-	682 473	682 473
Investment in subsidiaries	247 971	-	-	-	247 971
	247 971	-	3 447 341	690 004	4 385 316

R'000	Financial liabilities carried at amortised cost	Non-financial liabilities / equity	Total
Equity and liabilities			
Trade and other payables	134 356	-	134 356
Interest bearing liabilities	3 321 648	-	3 321 648
Shareholder's surplus	-	929 312	929 312
	3 456 004	929 312	4 385 316

Company - 31 December 2022

R'000	Fair value through other comprehensive income	Fair value through profit or loss	Financial assets carried at amortised cost	Non-financial assets	Total
Assets					
Cash	-	-	559 519	-	559 519
Trade and other receivables	-	-	96 751	3 001	99 752
Loans and advances	-	-	3 141 271	-	3 141 271
Deferred tax assets	-	-	-	511 136	511 136
Investment in subsidiaries	214 040	-	-	-	214 040
	214 040	-	3 797 541	514 137	4 525 718

R'000	Financial liabilities carried at amortised cost	Non-financial liabilities / equity	Total
Equity and liabilities			
Trade and other payables	109 216	-	109 216
Interest bearing liabilities	3 499 596	-	3 499 596
Shareholder's surplus	-	916 906	916 906
	3 608 812	916 906	4 525 718

21. Financial risk management and governance (continued)

21.7 Categorisation – statement of comprehensive income

Group

R'000	Financial assets carried at amortised cost	Financial liabilities carried at amortised cost	Fair value through other comprehen -sive income	Non-financial assets and liabilities	Total
2023					
Interest income	787 668	-	-	-	787 668
Interest expense		(420 905)	-	-	(420 905)
Net impairment	(388 826)	-	-	-	(388 826)
Legal collection costs on-charged to customers	1 254	-	-	-	1 254
Loan fee expense	(3 075)	-	-	-	(3 075)
Net revenue from insurance contract	84 265	-	-	-	84 265
Dividends received	-	-	10 200	-	10 200
Indirect costs	-	-	-	(267 911)	(267 911)
Loss before tax for the year	481 286	(420 905)	10 200	(267 911)	(197 330)
2022					
Interest income	819 926	-	-	-	819 926
Interest expense	-	(326 834)	-	-	(326 834)
Net impairment	(493 389)	-	-	-	(493 389)
Legal collection costs on-charged to customers	1 723	-	-	-	1 723
Loan fee expense	(1 672)	-	-	-	(1 672)
Net revenue from insurance contract	-	-	73 291	-	73 291
Sundry income	-	49	-	-	49
Indirect costs	-	-	-	(266 547)	(266 547)
Loss before tax for the year	326 588	(326 785)	73 291	(266 547)	(193 453)

21. Financial risk management and governance (continued)

21.7 Categorisation – statement of comprehensive income (continued)

Company

R'000	Financial assets carried at amortised cost	Financial liabilities carried at amortised cost	Fair value through other comprehen-sive income	Non-financial assets and liabilities	Total
2023					
Interest income	787 632	-	-	-	787 632
Interest expense	-	(420 905)	-	-	(420 905)
Net impairment	(388 826)	-	-	-	(388 826)
Legal collection costs on-charged to customers	1 254	-	-	-	1 254
Loan fee expense	(3 074)	-	-	-	(3 074)
Dividends received	-	-	98 968	-	98 968
Indirect costs	-	-	-	(267 911)	(267 911)
Loss before tax for the year	396 986	(420 905)	98 968	(267 911)	(192 862)
2022					
Interest income	819 899	-	-	-	819 899
Interest expense	-	(326 834)	-	-	(326 834)
Net impairment	(493 389)	-	-	-	(493 389)
Legal collection costs on-charged to customers	1 723	-	-	-	1 723
Loan fee expense	(1 670)	-	-	-	(1 670)
Dividends received	-	-	72 977	-	72 977
Sundry income	-	49	-	-	49
Indirect costs	-	-	-	(266 547)	(266 547)
Loss before tax for the year	326 563	(326 785)	72 977	(266 547)	(193 792)

21. Financial risk management and governance (continued)

21.8 Level disclosures

The table below provides an analysis of financial instruments that are measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statements of financial position.

R'000	Level 1	Level 2	Level 3	Total
Company				
2023				
Investment in Zenthyme Investments (Pty) Ltd (note 5)	-	-	247 971	247 971
Total	-	-	247 971	247 971
2022				
Investment in Zenthyme Investments (Pty) Ltd (note 5)	-	-	214 040	214 040
Total	-	-	214 040	214 040

Reconciliation of fair value measurements of financial assets

R'000	Investment in Zenthyme Investments (Pty) Ltd	Total
Company		
2023		
Opening balance	214 040	214 040
Purchases	-	-
Total income		
- in other comprehensive income	33 931	33 931
Dividends receivable	-	-
Closing balance	247 971	247 971
2022		
Opening balance	190 302	190 302
Purchases	-	-
Total income		
- in other comprehensive income	23 738	23 738
Dividends receivable	-	-
Closing balance	214 040	214 040

21. Financial risk management and governance (continued)

21.8 Level disclosures (continued)

Sensitivity analysis of valuation using unobservable inputs

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

Company - for valuation of investment in Zenthyme Investments (Pty) Ltd (note 5)

31 December 2023

R'000	Significant unobservable parameters	Potential effect recorded directly in equity	
Valuation of investment/s			
- Flex 10% favourable	(i), (ii)	27 095	-
- Flex 10% unfavourable	(i), (ii)	-	(24 224)
		27 095	(24 224)

31 December 2022

R'000	Significant unobservable parameters	Potential effect recorded directly in equity	
Valuation of investment/s			
- Flex 10% favourable	(i), (ii)	23 915	-
- Flex 10% unfavourable	(i), (ii)	-	(22 380)
		23 915	(22 380)

Unobservable parameters used for flex:

i. Cost of equity of 18.1% (2022: 17.9%)
ii. Claims ratio

The fair value of the investment in Zenthyme Investments (Pty) Ltd was determined by discounting the estimated future cashflows at a risk adjusted rate of 18.1% (2022: 17.9%). Future cash flows were determined by forecasting new premium income for one year only and then assuming no further growth over a further four years.

22. Directors' remuneration

R'000	Services to Baysec paid by Baysec	Services to related parties paid by related parties	Paid to provident fund	Total
2023				
RishendrieThanthony [1, 3]	80	79	-	159
Nick Clarke [3]	80	79	-	159
Lood de Jager [3]	80	79	-	159
Alfred Ramosedi	-	5 079	240	5 319
Olivia van Gisbergen [3]	39	39	-	78
	279	5 355	240	5 874
2022				
Olivia van Gisbergen [1, 3]	80	79	-	159
Nick Clarke [2, 3]	20	20	-	40
Lood de Jager [3]	80	79	-	159
Alfred Ramosedi	-	6 364	226	6 590
RishendrieThanthony [3]	80	79	-	159
	260	6 621	226	7 107

All of the remuneration above is short-term in nature.

[1] Chairman
[2] Alternate director
[3] The director is employed by TMF Corporate Services (SA) (Pty) Ltd (TMF). The company pays TMF directly for their services and the amounts are split evenly amongst the TMF directors. No amounts are paid directly to the director.

23. Going concern

In performing the going concern assessment, the directors have considered all available information about the future, the possible outcomes of events and changes in conditions and the realistically possible responses to such events and conditions that would be available to the directors.

As part of the assessment, the directors have considered if there are any material uncertainties relating to events or conditions that might cast significant doubt upon the continuing use of the going concern basis of accounting in future periods.

Uncertainties relating to such events or conditions would be considered material, and therefore disclosed, if their disclosure could reasonably be expected to affect the economic decisions of shareholders and other users of the annual financial statements.

The going concern assessment is a matter of judgement. In making this judgement, the directors have considered the uncertainties arising from their assessment, both individually and in combination with others.

23. Going concern (continued)

In determining whether there are material uncertainties, the directors have considered:

- the magnitude of the potential impacts of any uncertain future events or changes in conditions on the group and the likelihood of their occurrence in the medium term;
- the realistic availability and likely effectiveness of actions that the directors would consider undertaking to avoid, or reduce the impact or likelihood of occurrence of the uncertain future events or changes in conditions; and
- whether the uncertain future events or changes in conditions are unusual, rather than occurring with sufficient regularity to make predictions about them with a high degree of confidence.

Uncertainties are not considered material if the likelihood that the group will not be able to continue to use the going concern basis of accounting is assessed to be remote, however significant the assessed potential impact may seem.

In evaluating the group’s ability to continue as a going concern during the ensuing twelve months, the following areas, amongst others, have been considered in making the assessment:

- financial performance (both historic and forecasted);
- liquidity (availability of funding as well as cash flow forecasts);
- capital adequacy; and
- the financial health of the consumer (debt to income levels, employment and inflation).

Having taken the aforementioned factors into account, the directors consider the going concern basis of accounting appropriate for the ensuing twelve months.

24. Subsequent events

No subsequent events have occurred between 31 December 2023 and the date of approval of the annual financial statements by the board of directors.