



**SENTINEL FINCO (RING FENCED) LIMITED**  
**(REGISTRATION NUMBER 2020/178948/06)**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2023**

These annual financial statements were prepared by:  
C2M Chartered Accountants Incorporated  
Chartered Accountants (SA)

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008 of South Africa.

## SENTINEL FINCO (RING FENCED) LIMITED

(REGISTRATION NUMBER 2020/178948/06)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

### GENERAL INFORMATION

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	The company is a finance special purpose vehicle (SPV)
<b>Independent Non-Executive Directors</b>	Brian William Smith Brendan Harmse Wilhelmus Johannes Badenhorst
<b>Non-Executive Director</b>	Renier Kriek
<b>Alternate Director</b>	Shirvan Suleman Schrueder
<b>Registered office</b>	Maitland House 1 River Park Gloucester Road Mowbray 7700
<b>Business address</b>	Maitland House 1 River Park Gloucester Road Mowbray 7700
<b>Postal address</b>	PO Box 3741 Cape Town Western Cape 8000
<b>Bankers</b>	ABSA Limited
<b>Auditors</b>	Moore Johannesburg Incorporated
<b>Secretary</b>	Stonehage Flemming Corporate Services (Pty) Ltd
<b>Company registration number</b>	2020/178948/06
<b>Tax reference number</b>	9049071286
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
<b>Preparer</b>	The annual financial statements were independently compiled by: C2M Chartered Accountants Incorporated Chartered Accountants (SA)
<b>Issued</b>	23 May 2023

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**SENTINEL FINCO (RING FENCED) LIMITED**  
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**AUDIT COMMITTEE REPORT**

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We are pleased to present our report for the year ended 28 February 2023.

The Audit Committee is an independent statutory committee appointed by the board of directors. Further duties are delegated to the Audit Committee by the directors of the company.

The Audit Committee has specific statutory responsibilities to shareholders in terms of the Companies Act No.71 of 2008 of South Africa. In addition to those responsibilities, the Audit Committee assists the Board by advising and making submissions on financial reporting, financial risk management processes, internal financial controls and independent audit functions.

**1. Audit Committee terms of reference**

The Audit Committee adopted formal terms of reference that were approved by the directors. The Audit Committee conducted its affairs in compliance with its terms of reference and discharged its responsibilities contained therein. The terms of reference are available on the company's website, at <https://www.sentinelhomes.co.za/investor-relations/> and are also available on request.

**2. Audit Committee members and attendance**

The Audit Committee is independent and consists of three independent, non-executive directors. It meets at least twice per year as per its terms of reference.

The other directors, external auditor and other assurance providers attend meetings by invitation only.

**3. Role and responsibilities**

**3.1 Statutory duties**

The Audit Committee's role and responsibilities include statutory duties per the Companies Act No.71 of 2008 of South Africa and further responsibilities assigned to it by the board. The Audit Committee executes its duties in terms of the requirements of King IV.

**External auditor appointment and independence**

The Audit Committee has satisfied itself that the external auditor was independent of the company, as set out in section 94(8) of the Companies Act No.71 of 2008 of South Africa, which includes consideration of previous appointments of the auditor, the extent of work undertaken by the auditor for the company and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board of Auditors. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The committee ensured that the appointment of the auditor complied with the Companies Act No.71 of 2008 of South Africa, and other legislation relating to the appointment of auditors.

The committee nominated, for election at the annual general meeting, Moore Johannesburg Incorporated as the external audit firm and CA Jenkins as the designated auditor responsible for performing the functions of auditor for the 2023 year. The Audit Committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE list of auditors and their advisors.

**Financial statements and accounting policies**

The Audit Committee reviewed the accounting policies and the financial statements of the company and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

The Audit Committee notes that no matters of significance were raised in the reporting period.

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**AUDIT COMMITTEE REPORT**

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**Internal financial controls**

Nothing has come to the attention of the Audit Committee which indicates that the company's system of internal financial controls, in all material aspects, does not provide a basis for the preparation of reliable financial statements. The committee is satisfied that the company's financial statements are in compliance, in all material respects, with the Companies Act 71 of 2008 and the International Financial Reporting Standards and recommended the financial statements for approval by the board.

**Internal audit**

The company is a ring fenced special purpose entity with no requirement for an internal audit function. Nothing has come to the attention of the committee which indicates the existence of circumstances requiring the attention of an internal audit function.

**3.2 Duties assigned by the board**

In addition to the statutory duties of the Audit Committee, as reported above, and in accordance with the provisions of the Companies Act No. 71 of South Africa, the directors have determined further functions for the Audit Committee to perform, as set out in the Audit Committee's terms of reference.

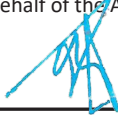
The Audit Committee is satisfied that the company has optimised the assurance coverage obtained from management and internal and external assurance providers in accordance with an appropriate combined assurance model.

The Audit Committee, as it's meeting held on 23 May 2023, recommended the financial statements for approval by the directors.

**Going concern**

The Audit Committee reviewed the documented assessment, including key assumptions, prepared by management of the going concern status of the company and made recommendations to the directors. The directors statement on the going concern status of the company, as supported by the audit committee, is included elsewhere in the annual financial statements.

On behalf of the Audit Committee:



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**Brian William Smith**  
Chairperson of the Audit Committee

**23 May 2023**

**DIRECTORS' RESPONSIBILITIES AND APPROVAL**

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The directors are required in terms of 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 their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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


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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 company's going concern assumption for the year to 29 February 2024 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 8 to 12.

The annual financial statements set out on pages 15 to 41, which have been prepared on the going concern basis, were approved by the board of directors on 23 May 2023 and was signed on their behalf by:



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**Brendan Harmse**



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**Renier Kriek**

**23 May 2023**

**SENTINEL FINCO (RING FENCED) LIMITED**  
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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

**DIRECTORS' REPORT**

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The directors have pleasure in submitting their report on the annual financial statements of Sentinel Finco (Ring Fenced) Limited for the year ended 28 February 2023.

**1. Incorporation**

The company was incorporated on 20 May 2020 and obtained its certificate to commence business on the same day.

**2. Main business and operations**

The company is a company incorporated in the Republic of South Africa. The entire issued share capital of the company is held by The Sentinel Finco Issuer Owner Trust, a registered discretionary trust. The company is a special purpose vehicle in that it is incorporated with the sole purpose of issuing interest-bearing securities, purchasing income producing loan assets, and the exercise of related rights and powers and other activities reasonably associated with those activities.

**3. Review of financial results and activities**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

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

**4. Share capital**

	2023		2022	
	Number of shares			
<b>Authorised</b>				
Ordinary Shares			5,000	5,000
Cumulative Redeemable Preference Shares			5,000	5,000
	2023	2022	2023	2022
	R	R	Number of shares	
<b>Issued</b>				
Ordinary Shares	150	150	100	100
Cumulative Redeemable Preference Shares	31,300,000	-	313	-
	<b>31,300,150</b>	<b>150</b>	<b>413</b>	<b>100</b>

Refer to note 6 & 7 of the annual financial statements for detail of the movement in authorised and issued share capital.

**5. Dividends**

No dividend was declared or paid during the year.

**6. Directorate**

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

Directors	Designation	Changes
Brian William Smith	Non-executive Independent	
Jan Harm Thomas Reyneke	Non-executive Independent	Resigned 31 August 2022
Brendan Harmse	Non-executive Independent	
Renier Kriek	Non-executive Independent	
Wilhelmus Johannes Badenhorst	Non-executive Independent	Appointed 31 August 2022
Shirvan Suleman Schrueder	Alternate	Appointed 15 August 2022

**SENTINEL FINCO (RING FENCED) LIMITED**  
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**DIRECTORS' REPORT**

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**Appointments of directors**

Shirvan Suleman Schrueder was appointed as Alternate Director to Wilhelmus Johannes Badenhorst and Brendan Harmse as Directors of the Company, with effect from 15 August 2022.

**7. Shareholder**

There have been no changes to ownership during the current financial year.

The shareholder and its interest at year end is as follows:

	<b>Holding</b>
The Sentinel Finco Owner Trust	100%

**8. Events after the reporting period**

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

**9. Going concern**

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

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

**10. Independent auditors**

Moore Johannesburg Incorporated continued in office as auditors for the company for 2023.

**11. Secretary**

The company secretary is Stonehage Flemming Corporate Services (Pty) Ltd.

**12. Date of authorisation for issue of financial statements**

The annual financial statements have been authorised for issue by the directors on 23 May 2023. No authority was given to anyone to amend the annual financial statements after the date of issue.



## **Independent Auditor's Report**

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### **To the Shareholder of Sentinel Finco (Ring Fenced) Limited**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of Sentinel Finco (Ring Fenced) Limited set out on pages 15 to 41, which comprise the statement of financial position as at 28 February 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sentinel Finco (Ring Fenced) Limited as at 28 February 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under these 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, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Key audit matters**

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

**Key audit matter**
**Valuation, classification and disclosure of financial instruments**

Based on the information provided in notes 2, 7, and 8 of the financial statements, the assessment of the company's financial instruments emerged as a significant focus area during our audit for the year. This is due to the inherent judgment and estimation involved in determining their classification, valuation, and disclosure.

The company's financial statements feature a significant number of financial instruments, such as debt notes, loan receivables, and cumulative redeemable preference shares. The classification, valuation, and disclosure of these instruments have a material impact on the financial statements, affecting the company's financial position, performance, and cash flows.

The company employs the amortised cost method to determine the classification and valuation of its debt notes and loan receivables, classifying them as either financial assets or liabilities. Notably, the cumulative redeemable preference shares are classified as financial liabilities rather than equity, primarily due to their obligation to provide cash to shareholders.

In assessing the financial assets, careful consideration is given to their recoverability, including an evaluation of the adequacy of expected credit losses.

**Audit response**
**Our audit responses include the following but not limited to:**

- We obtained a comprehensive listing of all financial instruments from management and utilised computer-assisted audit techniques (CAATs) to test the accuracy and completeness of these reports.
- To ascertain whether the financial instruments meet the criteria for classification as financial assets or financial liabilities, we gained a thorough understanding of their terms and conditions. This included an examination of factors such as maturity dates, interest rates, and repayment terms.
- Supporting the valuation of each notes issue under the approved asset-backed securities program, we reviewed signed program pricing supplements.
- We inspected participating asset sale agreement supplements, which served as evidence for the sale of participating assets from Sentinel Homes Proprietary Limited to Sentinel Finco (Ring Fenced) Limited.
- In order to confirm the closing loan balance due from Sentinel Homes Proprietary Limited, we examined a signed loan confirmation document.
- Signed cumulative redeemable preference shareholder subscription agreements and relevant share certificates were obtained inspected to ensure appropriate disclosure in the financial statements.
- The accuracy of the interest component for each financial instrument was verified through recalculations performed by our team.
- To validate significant cash movements associated with each financial instrument, we scrutinised relevant bank statements.
- Our evaluation of impairment and expected credit losses on financial assets involved the exercise of professional judgment and professional skepticism.
- We assessed management's classification of financial instruments in compliance with the relevant International Financial Reporting Standards and regulatory requirements. Additionally, we evaluated the appropriateness of the accounting policies selected by management, ensuring that the financial statements contain sufficient disclosures.



### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the document titled “Sentinel Finco (Ring Fenced) Limited Annual Financial Statements for the year-ended 28 February 2023,” which includes the Certificate by the Company Secretary as required by the Companies Act 71 of 2008 of South Africa, Directors' Report and the Audit Committee's Report, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal controls as the directors determine is necessary to enable the preparation of the financial statements which are free from material misstatement, whether due to fraud or error.

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



## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

We also provide the directors with a statement that we have compiled with relevant ethical requirements regarding independence and we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws 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 Moore Johannesburg Inc. has been the auditor of Sentinel Finco (Ring Fenced) Proprietary Limited for two years.

*Moore Johannesburg Inc.*

**Moore Johannesburg Inc.  
Registered Auditors**

**Per: CA Jenkins CA(SA)  
Partner  
Registered Auditor**

**29 May 2023  
Johannesburg**

**50 Oxford Road  
Parktown  
Johannesburg  
2193**

## **CERTIFICATE BY THE COMPANY SECRETARY**

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I hereby confirm, in my capacity as company secretary of Sentinel Finco (Ring Fenced) Limited, that for the financial year ended February 2023, the company has filed all required returns and notices in terms of the Companies Act No. 71 of 2008 of South Africa, with the Companies and Intellectual Property Commission and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.

*Marian Griffin Kloot*

**Stonehage Flemming Corporate Services Proprietary Limited**

**23 May 2023**

## PRACTITIONER'S COMPILATION REPORT

### To the Management of Sentinel Finco (Ring Fenced) Limited

We have compiled the annual financial statements of Sentinel Finco (Ring Fenced) Limited, as set out on pages 15 - 41, based on information you have provided. These annual financial statements comprise the statement of financial position of Sentinel Finco (Ring Fenced) Limited as at 28 February 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with International Financial Reporting Standards. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in accordance with International Financial Reporting Standards.

*C Binneman*

**C Binneman**  
Chartered Accountant (S.A.)  
Associate

**23 May 2023**



**SENTINEL FINCO (RING FENCED) LIMITED**

(REGISTRATION NUMBER 2020/178948/06)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

**STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023**

Figures in Rand	Notes	2023	2022
<b>Assets</b>			
<b>Non-Current Assets</b>			
Loans Receivable	2	153,753,316	-
Deferred Tax	3	133,514	-
		<b>153,886,830</b>	<b>-</b>
<b>Current Assets</b>			
Loans Receivable	2	4,396,726	-
Trade and Other Receivables	4	701,694	-
Cash and Cash Equivalents	5	4,859,517	1,010
Current Tax Receivable		15,133	-
		<b>9,973,070</b>	<b>1,010</b>
<b>Total Assets</b>		<b>163,859,900</b>	<b>1,010</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Issued Capital	6	150	150
Reserves		3,111,699	-
Retained income		175,384	(1,140)
		<b>3,287,233</b>	<b>(990)</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Preference Shares	7	31,300,000	-
Debt Issued	8	125,000,000	-
Debt Premium	9	444,698	-
		<b>156,744,698</b>	<b>-</b>
<b>Current Liabilities</b>			
Debt Issued	8	2,697,188	-
Debt Premium	9	148,233	-
Loans From Group Companies	10	-	2,000
Trade and Other Payables	11	982,548	-
		<b>3,827,969</b>	<b>2,000</b>
<b>Total Liabilities</b>		<b>160,572,667</b>	<b>2,000</b>
<b>Total Equity and Liabilities</b>		<b>163,859,900</b>	<b>1,010</b>



**SENTINEL FINCO (RING FENCED) LIMITED**

(REGISTRATION NUMBER 2020/178948/06)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
Finance Income	12	9,289,910	-
Finance Cost	13	(7,133,318)	-
<b>Gross profit</b>		<b>2,156,592</b>	<b>-</b>
Other Operating Income	14	570,758	-
Movement in Credit Loss Allowances	15	(794,724)	-
Other Operating Expenses	15	(1,689,567)	(1,140)
<b>Operating profit (loss)</b>		<b>243,059</b>	<b>(1,140)</b>
Investment Income	16	1,727	-
<b>Profit (loss) before taxation</b>		<b>244,786</b>	<b>(1,140)</b>
Taxation	17	(68,262)	-
<b>Profit (loss) for the year</b>		<b>176,524</b>	<b>(1,140)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Movement in Over-Collateralisation Reserve		3,111,699	-
<b>Other comprehensive income for the year net of taxation</b>		<b>3,111,699</b>	<b>-</b>
<b>Total comprehensive income (loss) for the year</b>		<b>3,288,223</b>	<b>(1,140)</b>

**SENTINEL FINCO (RING FENCED) LIMITED**

(REGISTRATION NUMBER 2020/178948/06)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

**STATEMENT OF CHANGES IN EQUITY**

	Issued capital	Over-Collateralisation Reserve	Retained income	Total equity
<b>Figures in Rand</b>				
Loss for the year	-	-	(1,140)	(1,140)
Other comprehensive income	-	-	-	-
<b>Total comprehensive Loss for the year</b>	<b>-</b>	<b>-</b>	<b>(1,140)</b>	<b>(1,140)</b>
Issue of shares	150	-	-	150
<b>Balance at 01 March 2022</b>	<b>150</b>	<b>-</b>	<b>(1,140)</b>	<b>(990)</b>
Profit for the year	-	-	176,524	176,524
Other comprehensive income	-	3,111,699	-	3,111,699
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,111,699</b>	<b>176,524</b>	<b>3,288,223</b>
<b>Balance at 28 February 2023</b>	<b>150</b>	<b>3,111,699</b>	<b>175,384</b>	<b>3,287,233</b>

Note

6

**SENTINEL FINCO (RING FENCED) LIMITED**  
(REGISTRATION NUMBER 2020/178948/06)  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

**STATEMENT OF CASH FLOWS**

Figures in Rand	Notes	2023	2022
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	18	2,083,772	(990)
Tax paid	19	(216,909)	-
<b>Net cash from operating activities</b>		<b>1,866,863</b>	<b>(990)</b>
<b>Cash flows from investing activities</b>			
Acquisition of Loans Receivable		(169,807,095)	-
Receipts from Loans Receivable		10,862,329	-
Interest Income - Loans Receivable		9,289,910	-
<b>Net cash from investing activities</b>		<b>(149,654,856)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans from group companies		-	2,000
Proceeds on Debt Issued		125,000,000	-
Movement on Debt Premium		782,630	-
Proceeds on Preference Shares		31,300,000	-
Finance costs - Debt Issued		(4,436,130)	-
<b>Net cash from financing activities</b>		<b>152,646,500</b>	<b>2,000</b>
<b>Total cash movement for the year</b>		<b>4,858,507</b>	<b>1,010</b>
Cash at the beginning of the year		1,010	-
<b>Total cash at end of the year</b>	5	<b>4,859,517</b>	<b>1,010</b>

**SENTINEL FINCO (RING FENCED) LIMITED**  
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**ACCOUNTING POLICIES**

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**General Information**

Sentinel Finco (Ring Fenced) Limited ('the company') is a finance special purpose vehicle (SPV).

The company, which is registered to issue interest-bearing securities on the market of JSE Limited, is incorporated as a public company in terms of section 8(2)(d) of the Companies Act 71 of 2008 of South Africa and domiciled in South Africa.

**1. Basis of preparation and summary of significant accounting policies**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, International Financial Reporting Interpretations Committee, its interpretations as adopted by IASB, the Financial Reporting Guides (SAICA-APC), the Financial Reporting Pronouncements issued by the Financial Reporting Standards Council and in the manner required by the Companies Act. The annual financial statements are presented in the functional currency of the company in South African Rands.

The company has adopted its memorandum of incorporation which is specific to the purpose of the company and includes material that requires the company to include the words "Ring Fenced" in its name.

The preparation of financial statements in conformity with International Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Management did not apply any estimates or judgment during the current period. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.1.

**1.1 Significant judgements and sources of estimation uncertainty**

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

**Critical judgements in applying accounting policies**

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

**Key sources of estimation uncertainty**

The annual financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions. The expected credit loss allowance on loans receivable has been determined by applying an estimation, inline with IFRS 9 (refer to note 2), this estimation does not cause a significant risk of material adjustment at year end.

**1.2 Financial instruments**

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

The financial instruments and risk management (note 20) presents the financial instruments held by the company based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

## **ACCOUNTING POLICIES**

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### **1.2 Financial instruments (continued)**

#### **Loans receivable at amortised cost**

##### **Classification**

Loans receivable (note 2) are classified as financial assets and are subsequently measured at amortised cost.

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

##### **Recognition and measurement**

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

##### **Application of the effective interest method**

Interest income is calculated using the effective interest method, and is included in profit or loss in Revenue (note 12).

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

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

##### **Impairment**

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

## **ACCOUNTING POLICIES**

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### **1.2 Financial instruments (continued)**

#### **Significant increase in credit risk**

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

#### **Measurement and recognition of expected credit losses**

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 15).

#### **Credit risk**

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 20).

#### **Derecognition**

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

## **ACCOUNTING POLICIES**

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### **1.2 Financial instruments (continued)**

#### **Trade and other receivables**

##### **Classification**

Trade and Other Receivables are classified as financial assets and are subsequently measured at amortised cost (note 4).

##### **Recognition and measurement**

Trade and Other Receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

##### **Impairment**

The company recognises a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

##### **Credit risk**

Details of credit risk are included in the trade and other receivables note (note 4) and the financial instruments and risk management note (note 20).

##### **Derecognition**

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

## **ACCOUNTING POLICIES**

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### **1.2 Financial instruments (continued)**

#### **Financial liabilities**

##### **Initial measurement**

Loans from group companies (note 10), trade and other payables (note 11), debt issued (note 8), preference shares (note 7) and debt premium (note 9) are classified as financial liabilities.

Financial liabilities are measured at fair value at initial recognition plus transaction costs directly attributable to the issuance of the financial liability in the case of financial liabilities not subsequently measured at fair value through profit or loss. For financial liabilities subsequently measured at fair value through profit or loss, transaction costs are recognised in profit or loss.

##### **Classification and subsequent measurement**

###### **Amortised cost**

After initial recognition, financial liabilities that are not measured at fair value through profit or loss are measured at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

###### **Fair value through profit or loss**

The company does not have financial liabilities which are measured at fair value through profit or loss in accordance with IFRS 9.

Interest expense, calculated using the effective interest method, is included in profit or loss in finance costs (note 13.)

Financial liabilities expose the company to liquidity risk and interest rate risk. Refer to note 20 for details of risk exposure and management thereof.

##### **Derecognition**

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

##### **Cash and cash equivalents**

Cash and cash equivalents are stated at carrying amount which is deemed to be at amortised cost.

##### **Derecognition**

##### **Financial assets**

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay in respect of that asset. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### **Financial liabilities**

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.



## **ACCOUNTING POLICIES**

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### **1.3 Tax**

#### **Current tax assets and liabilities**

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

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

#### **Deferred tax assets and liabilities**

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

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

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

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

#### **Tax expenses**

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

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

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

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

### **1.4 Share capital and equity**

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

## **ACCOUNTING POLICIES**

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### **1.5 Over-Collateralisation Reserve**

Loans receivable are purchased from the originator at market value from time to time. The market value of the Loans receivable acquired may be less than the value of those assets measured at amortised cost.

The difference between market value and amortised cost of the Loans receivable acquired is allocated to the Over-Collateralisation Reserve when the company takes cession of those assets.

The Over-Collateralisation Reserve is amortised based on the weighted-average remaining loan term of the Loan receivables in the portfolio. The weighted-average loan term is calculated monthly on the last day of the month using the remaining term of each loan receivable held in the portfolio on the date of determination.

Credit losses are not written off against the Over-Collateralization Reserve.

### **1.6 Finance income**

Finance income for all loans receivable are recognised in finance income in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the effective interest rate includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

The interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), other than those considered credit-impaired, or to the amortised cost of financial liabilities.

### **1.7 Other income**

The company receives fees for providing specific administrative tasks and services in relation to certain of its financial assets. Fee income is recognised at an amount that reflects the consideration to which the company expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. Revenue contracts do not include multiple performance obligations. The nature of the revenue contracts results in a single performance obligation. Therefore, no significant judgements are required when allocating the transaction price to the performance obligation.

When the service is provided, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time. The company's fee income is accounted for as follow:

Income earned on the execution of a distinct performance obligation is recognised when the distinct performance obligation has been performed. Revenue is recognised at a point in time.

Fees charged for servicing a loan are recognised in revenue as the performance obligation is provided, which in most instances occurs monthly. Payment of these fees is normally due and receivable in advance.

Debt Premium earned on execution of a distinct performance obligation is recognised when the performance obligation has been performed. Revenue is recognised over time.

Income that forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate and recorded in interest income in terms of IFRS 9.

The company acts as the principal in its revenue arrangements, and not as an agent and, therefore fee income is reported in the statement of comprehensive income.

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**ACCOUNTING POLICIES**

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**1.8 Finance costs**

Finance costs are recognised as an expense in the period in which they are incurred.

**1.9 Standards and interpretations not yet effective**

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

<b>Standards/Interpretations:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined	Unlikely there will be a material impact
Lease liability in a sale and leaseback	01 January 2024	Unlikely there will be a material impact
Initial application of IFRS 17 and IFRS 9 - Comparative information	01 January 2023	Unlikely there will be a material impact
Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 2	01 January 2023	Unlikely there will be a material impact
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statements 2.	01 January 2023	Unlikely there will be a material impact
Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	2023	2022
<b>2. Loans receivable</b>		
Loans receivable	158,150,042	-
<b>Split between non-current and current portions</b>		
Non-current assets	153,753,316	-
Current assets	4,396,726	-
	<b>158,150,042</b>	<b>-</b>

**Loans receivable information**

The total loans receivable balance at year end is composed of 113 loan transactions, with an average outstanding amount of R1,406,590.85. The weighted average interest rate charged in respect of the loans receivable is a floating rate of prime plus 1.30%. The weighted average loan to value of the portfolio is 79.96%, measured as the outstanding debt divided by the last valuation of the subject property (registered title held by Sentinel Homes Proprietary Limited) by a registered valuer, and adjusted for the weight of each exposure measured against the portfolio. The weighted average remaining term of the loans receivable is 102.56 months from the reporting date.

**Participating Asset Sale Agreement:**

The Company may enter into a Participating Asset Sale Agreement, from time to time, with Sentinel Homes Proprietary Limited ("Sentinel Homes"), in terms of which the Company shall, on the Initial Issue Date, acquire from Sentinel Homes its right, title and interest in and to a portfolio of Participating Assets which complies with the Eligibility Criteria, on the terms and subject to the provisions contained therein.

**Eligibility Criteria:**

Details of the Eligibility Criteria can be found in the Programme Memorandum of the company at:  
<https://www.sentinelhomes.co.za/investor-relations/>

**Repurchase Option:**

Sentinel Homes will have the right, but not the obligation, to repurchase a Participating Asset (a "Repurchase Asset") from the company subject to the provisions of the Participating Asset Sale Agreement.

Sentinel Homes may only repurchase a Participating Asset where:

- there is a material change in the circumstances of the Borrower that results in Sentinel Homes repurchasing such Participating Asset for business reasons; or
- the relevant Borrower requests a material change to the terms of the relevant Credit Agreement; or
- if the Credit Agreement becomes non-performing.

**Replacement of Participating Assets:**

Subject to the satisfaction of the requirements set out in below, Sentinel Homes shall have the right (but not the obligation) at any time to substitute by written notice ("Substitution Notice"), furnished at least five Business Days prior to the date of such substitution, to the company, the Administrator and the Servicer, one or more Participating Assets sold to the company by Sentinel Homes in terms of the Participating Asset Sale Agreement (each, a "Replacement Asset") for any Participating Asset transferred to the company by the Sentinel Homes in terms of the Participating Asset Sale Agreement (for purposes of this clause, referred to as a "Predecessor Asset").

Each substitution of a Replacement Asset for a Predecessor Asset will be subject to the Administrator being satisfied that:

- after such substitution, the Portfolio Covenants will be satisfied;
- the Replacement Asset will be of similar or better credit quality than that of the Predecessor Asset, as determined in accordance with the Credit Criteria;
- the Replacement Asset will have a Principal Balance not less than the Principal Balance of the Predecessor Asset; and the Replacement Asset complies with the Eligibility Criteria.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	2023	2022
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**2. Loans receivable (continued)**

**Portfolio Covenants:**

The portfolio of Participating Assets must follow the following covenants:

- the Weighted Average LTV Ratio of all the Credit Agreements in the Portfolio is less than 85%.
- the Weighted Average remaining term of Credit Agreements must not be less than 12 months unless the Issuer is being wound down.

The proportion of the Portfolio where outstanding debt obligations under the Credit Agreement have a greater than:

- 90% Current LTV Ratio, must not exceed 20% by year-end February 2023;
- 85% Current LTV Ratio, must not exceed 20% by year-end February 2024
- 80% Current LTV Ratio, must not exceed 20% by year-end February 2025 and thereafter the Weighted Average Interest Yield of the Credit Agreements in the Portfolio is not less than the Prime Rate less 1.25%.

The company has remained compliant with the Programme Memorandum for the current financial year.

**Exposure to credit risk**

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

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk.

In determining the amount of expected credit losses, the company has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate or are employed. This information has been obtained from the counterparties themselves, as well as from economic reports, financial analyst reports and various external sources of actual and forecast data and is applied to estimate a probability of default occurring as well as estimating the loss upon default.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

**Credit loss allowances**

The credit loss allowance provision is determined in accordance with the following formula:

$$E(L) = P(D) \times L(GD) \times E(AD), \text{ where}$$

E(L) is the expected loss;

P(D) is the probability of default 2%

L(GD) is the loss-given-default 25%

E(AD) is the exposure at default Rand-value of Loans receivable

The probability of default is estimated at 2% of counterparties on a 12-month horizon because of the credit calibration performed to create the credit and risk policy under which the loan receivables were originated. This statistical calibration was performed with reference to historical mortgage data which is viewed as a conservative approach when considering the relative likelihood of performance under instalment sales. The loss-given-default is estimated from home loans market averages even though the loss-given-default that has eventuated on loans receivable originated by the originator under the credit and risk policy is lower by as much as an order of magnitude. Effectively, the loss allowance is therefore calculated as 0.50% of the carrying value of Loans receivable at the reporting date.

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans receivable:

**2023**

Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans Receivable	Lifetime ECL	158,944,766	(794,724)	158,150,042

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	2023	2022
<b>3. Deferred Tax</b>		
<b>Deferred tax liability</b>		
Section 11(j) allowance	(89,009)	-
<b>Deferred tax asset</b>		
Expected credit loss allowance	222,523	-
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:		
Deferred tax liability	(89,009)	-
Deferred tax asset	222,523	-
<b>Total net deferred tax asset</b>	<b>133,514</b>	<b>-</b>
<b>Reconciliation of deferred tax asset / (liability)</b>		
Taxable / (deductible) temporary difference on S11(j) allowance	(89,009)	-
Taxable / (deductible) temporary difference on expected credit loss allowance	222,523	-
	<b>133,514</b>	<b>-</b>
<b>4. Trade and Other Receivables</b>		
Debit orders receivable	701,694	-
<b>Split between non-current and current portions</b>		
Current assets	701,694	-

**Exposure to credit risk**

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime ECL on trade receivables. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

In calculating the ECL rates, the company considers historical loss rates for each category of financial asset, and adjusts for both historical and forward looking data. Taking this into account, no evidence of a significant increase in credit risk or credit-impaired assets were identified.

As at 28 February 2023 no receivables were considered to be past due nor impaired.

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	2023	2022
<b>5. Cash and Cash Equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	4,859,517	1,010
There are no overdraft facilities on any of the bank accounts.		
<b>6. Issued Capital</b>		
<b>Authorised</b>		
Ordinary shares of no par value	5,000	5,000
Cumulative redeemable preference shares of no par value	5,000	5,000
	<b>10,000</b>	<b>10,000</b>
<b>Issued</b>		
100 Ordinary shares of no par value	150	150
<b>Reconciliation of number of ordinary and preference shares issued:</b>		
Issue of Ordinary shares of no par value	-	100
Issue of Cumulative redeemable preference shares of no par value	313	-
	<b>313</b>	<b>100</b>

As per the Company's Memorandum of Incorporation, subject to the provisions of the Companies Act, the Preference Shares shall be liable to be redeemed at the option of the Company. The Preference Shares shall be treated as a financial liability in accordance with IAS32. Refer to note 7 for Preference Shares disclosure.

**7. Preference Shares**

On the Initial Issue Date, the Preference Shareholder will subscribe for Preference Shares in the issued share capital of the Issuer, the aggregate subscription price of which will be equal to 25% of the Principal Amount of the Notes to be issued on such date. The proceeds derived from the subscription for the Preference Shares shall serve as credit enhancement for the Noteholders. The credit enhancement will be unconditional and irrevocable.

The following tables set out the movement in Preference Shares for the current financial year.

Issued Preference Shares		
1 March 2022 - issued 125 Cumulative Redeemable Preference Shares	12,500,000	-
1 September 2022 - issued 63 Cumulative Redeemable Preference Shares	6,300,000	-
30 January 2023 - issued 62 Cumulative Redeemable Preference Shares	6,200,000	-
15 February 2023 - issued 63 Cumulative Redeemable Preference Shares	6,300,000	-
	<b>31,300,000</b>	<b>-</b>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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**8. Debt Issued**

Basic terms of the debt issued are as follow:

**Debt Issued**

	Scheduled maturity date	Prime lending rate plus	Carrying amount	Carrying amount
<b>Class A Notes</b>				
Unsubordinated, unsecured asset-backed notes of R50,000,000.	01/03/2027	1.75%	50,000,000	-
Unsubordinated, unsecured asset-backed notes of R25,000,000.	01/03/2027	1.75%	25,000,000	-
Unsubordinated, unsecured asset-backed notes of R25,000,000.	01/02/2026	0.50%	25,000,000	-
Unsubordinated, unsecured asset-backed notes of R25,000,000.	01/02/2026	0.50%	25,000,000	-
			<b>125,000,000</b>	<b>-</b>

The below table sets out the reconciliation of the movements of debt issued:

**Reconciliation:**

**Cash flow items:**

Additions	125,000,000	-
Interest paid	(4,436,130)	-

**Non cash flow items**

Interest accrual	7,133,318	-
	<b>127,697,188</b>	<b>-</b>

**Split between non-current and current portions**

Non-current assets	125,000,000	-
Current assets	2,697,188	-
	<b>127,697,188</b>	<b>-</b>



**SENTINEL FINCO (RING FENCED) LIMITED**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	2023	2022
<b>9. Debt Premium</b>		
Debt Premiums received are deferred and amortized over the life of the Debt issued note, using the straight-line method. Debt issued is reported net of the applicable premium.		
<b>Reconciliation of debt premium:</b>		
Additions	667,047	-
Amortisation	(74,116)	-
	<b>592,931</b>	<b>-</b>
<b>Split between non-current and current portions</b>		
Non-current liability	444,698	-
Current liability	148,233	-
	<b>592,931</b>	<b>-</b>
<b>10. Loans from group companies</b>		
Sentinel Homes Proprietary Limited	-	2,000
This loan is unsecured, bears no interest, and has no fixed repayment terms.		
<b>Split between non-current and current portions</b>		
Current liabilities	-	2,000
<b>11. Trade and Other Payables</b>		
<b>Financial instruments:</b>		
Trade payables	982,548	-
<b>Financial instrument and non-financial instrument components of trade and other payables</b>		
At amortised cost	982,548	-
<b>12. Finance Income</b>		
<b>Finance income from contracts with customers</b>		
Interest received on Loans Receivable	9,289,910	-
<b>13. Finance Costs</b>		
Debt Issued	7,133,318	-

**SENTINEL FINCO (RING FENCED) LIMITED**  
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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	2023	2022
<b>14. Other operating income</b>		
Debt Premium	189,699	-
Profit on Acquisition of Loans Receivable	331,573	-
Recoveries	500	-
Transactional Servicing Fees	48,986	-
	<b>570,758</b>	<b>-</b>
<b>15. Operating profit (loss)</b>		
Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:		
<b>Auditor's remuneration - external</b>		
Audit fees	75,900	-
<b>Expenses, other than to employees</b>		
Administrative and managerial services	297,572	-
Consulting and professional services	127,254	-
Secretarial services	390,133	-
	<b>814,959</b>	<b>-</b>
<b>Movement in credit loss allowances</b>		
Loans receivables at amortised cost	794,724	-
<b>Expenses by nature</b>		
The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:		
Other expenses	1,689,567	1,140
<b>16. Investment income</b>		
<b>Interest income</b>		
<b>Investments in financial assets:</b>		
Bank and other cash	1,727	-

Investment income on financial instruments which are available for sale or held to maturity are only presented for comparative purposes for financial instruments held in the prior reporting period but which were disposed of prior to the beginning current reporting period, which is the date of adoption of IFRS 9 Financial Instruments. Investment income on all other financial assets has been reclassified in compliance with IFRS 9.

**SENTINEL FINCO (RING FENCED) LIMITED**  
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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	2023	2022
<b>17. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Local income tax - current period	201,776	-
<b>Deferred</b>		
Expected credit loss allowance	(222,523)	-
S11(j) allowance	89,009	-
	<b>(133,514)</b>	-
	<b>68,262</b>	-
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit/(loss) and tax expense.		
Accounting profit/(loss)	244,786	(1,140)
Tax at the applicable tax rate of 28% (2022: 28%)	68,540	(319)
<b>Tax effect of adjustments on taxable income</b>		
Non-deductible expenses	-	42
Tax losses carried forward/(utilised)	(277)	277
Rounding	(1)	-
	<b>68,262</b>	-
Deductible unused tax losses for which no deferred tax asset has been recognised.	-	277
<b>18. Cash generated from/(used in) operations</b>		
Profit before taxation	244,786	(1,140)
<b>Adjustments for:</b>		
Interest income	(9,289,910)	-
Finance Costs	7,133,318	-
Net impairments and movements in credit loss allowances	794,724	-
Movements in Debt Premium	(189,699)	-
Other non-cash items - Movement on Over-Collateralisation Reserve	3,111,699	-
Other non-cash items - Donation	-	150
Other non-cash items - Rounding	(1)	-
Other non-cash items - Loans from group companies reclassified to trade payables	(2,000)	-
<b>Changes in working capital:</b>		
Trade and Other Receivables	(701,694)	-
Trade and Other Payables	982,549	-
	<b>2,083,772</b>	<b>(990)</b>
<b>19. Tax paid</b>		
Current tax for the year recognised in profit or loss	(201,776)	-
Balance at end of the year	(15,133)	-
	<b>(216,909)</b>	-

**SENTINEL FINCO (RING FENCED) LIMITED**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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**20. Financial instruments and risk management**

**Categories of financial instruments**

**Categories of financial assets**

**2023**

	Notes	Amortised cost	Total	Fair value
Loans receivable	2	158,150,042	158,150,042	158,150,042
Trade and other receivables	4	701,694	701,694	701,694
Cash and cash equivalents	5	4,859,517	4,859,517	4,859,517
Current Tax Receivable		14,855	14,855	14,855
Deferred tax		133,514	133,514	133,514
		<b>163,859,622</b>	<b>163,859,622</b>	<b>163,859,622</b>

**2022**

	Notes	Amortised cost	Total	Fair value
Cash and cash equivalents	5	1,010	1,010	1,010

**Categories of financial liabilities**

**2023**

	Notes	Amortised cost	Total	Fair value
Trade and other payables	11	982,548	982,548	982,548
Debt Issued	8	127,697,188	127,697,188	127,697,188
Preference Shares	7	31,300,000	31,300,000	31,300,000
Debt Premium	9	592,931	592,931	592,931
		<b>160,572,667</b>	<b>160,572,667</b>	<b>160,572,667</b>

**2022**

	Notes	Amortised cost	Total	Fair value
Loans from group companies	10	2,000	2,000	2,000

**SENTINEL FINCO (RING FENCED) LIMITED**  
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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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<b>20. Financial instruments and risk management (continued)</b>			
<b>Pre tax gains and losses on financial instruments</b>			
<b>Gains and losses on financial assets</b>			
<b>2023</b>			
	<b>Notes</b>	<b>Amortised cost</b>	<b>Total</b>
<b>Recognised in profit or loss:</b>			
Interest income - Bank	16	1,727	1,727
Interest income - Loans Receivable	12	9,289,910	9,289,910
Movement in credit loss allowances	15	(794,724)	(794,724)
<b>Net gains (losses)</b>		<b>8,496,913</b>	<b>8,496,913</b>
<b>Gains and losses on financial liabilities</b>			
<b>2023</b>			
	<b>Notes</b>	<b>Amortised cost</b>	<b>Total</b>
<b>Recognised in profit or loss:</b>			
Finance costs	13	(7,133,318)	(7,133,318)
Debt Premium	9	189,699	189,699
<b>Net gains (losses)</b>		<b>(6,943,619)</b>	<b>(6,943,619)</b>

**SENTINEL FINCO (RING FENCED) LIMITED**  
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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	2023	2022
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**20. Financial instruments and risk management (continued)**

**Capital risk management**

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

The capital structure of the company consists of debt, which includes the Debt Issued disclosed in note 8, Preference Shares disclosed in note 7, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Maintenance, as a minimum, of capital sufficient to meet the statutory requirements and such additional capital as management believes is necessary to ensure that obligations can be met on a timely basis.

Maintenance of an appropriate level of liquidity at all times. The company further ensures that it can meet its expected capital and financing needs at all times, having regard to its business plans, forecasts and strategic initiatives.

The capital structure of the company at the reporting date were as follows:

Loans from group companies	10	-	2,000
Preference Shares		31,300,000	-
Debt Issued		127,697,188	-
<b>Total borrowings</b>		<b>158,997,188</b>	<b>2,000</b>
Cash and cash equivalents	5	(4,859,517)	(1,010)
<b>Net borrowings</b>		<b>154,137,671</b>	<b>990</b>

**SENTINEL FINCO (RING FENCED) LIMITED**  
(REGISTRATION NUMBER 2020/178948/06)  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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**20. Financial instruments and risk management (continued)**

**Financial risk management**

**Overview**

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The company audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company.

**Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is mainly exposed to credit risk on loans receivable and trade and other receivables, .

The company's exposure to credit risk is influenced by the individual characteristics of each counterparty and receivable balances are monitored on an ongoing basis. The credit risk currently mainly arises from loans receivable and trade and other receivables.

The exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. An impairment analysis is performed at each reporting date for the recoverability of trade receivable. The company evaluates the concentration of risk with respect to receivables as low, based on the immaterial historical level of customer default.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime ECL allowance for all loans receivable.

The maximum exposure to credit risk is presented in the table below:

		2023			2022		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans receivable	2	158,944,766	(794,724)	158,150,042	-	-	-
Trade and other receivables	4	701,694	-	701,694	-	-	-
Cash and cash equivalents	5	4,859,517	-	4,859,517	1,010	-	1,010
		<b>164,505,977</b>	<b>(794,724)</b>	<b>163,711,253</b>	<b>1,010</b>	<b>-</b>	<b>1,010</b>

**Liquidity risk**

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The maturity profile of contractual cash flows of financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

**SENTINEL FINCO (RING FENCED) LIMITED**  
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Figures in Rand				2023	2022
<b>20. Financial instruments and risk management (continued)</b>					
<b>2023</b>					
	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Preference Shares	-	-	31,300,000	31,300,000	31,300,000
Debt issued	-	125,000,000	-	125,000,000	127,697,188
<b>Current liabilities</b>					
Trade and other payables	982,549	-	-	982,549	982,549
Debt issued	2,697,188	-	-	2,697,188	-
	<b>(3,679,737)</b>	<b>(125,000,000)</b>	<b>(31,300,000)</b>	<b>(159,979,737)</b>	<b>(159,979,737)</b>

**2022**

	Less than 1 year	Total
<b>Current liabilities</b>		
Loans from group companies	10	2,000
		<u>2,000</u>

**Interest rate risk**

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The company's interest rate risk mainly arises from loans receivables and debt issue, which bear interest at variable rates and expose the company to cash flow interest rate risk.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.



**SENTINEL FINCO (RING FENCED) LIMITED**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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<b>21. Related parties</b>		
Relationships		
Ultimate parent	The Sentinel Finco Owner Trust	
Directors	Wilhelmus Johannes Badenhorst Brian William Smith Bredan Harmse Renier Kriek Shirvan Suleman Schrueder	
Originator and Servicer	Sentinel Homes Proprietary Limited	
<b>Related party balances</b>		
<b>Loan accounts - Owing (to) by related parties</b>		
Sentinel Homes Proprietary Limited	-	(2,000)
<b>Amounts included in Trade receivable (Trade Payable) regarding related parties</b>		
Sentinel Homes Proprietary Limited	(282,348)	-
<b>Debit orders receivable from related parties</b>		
Sentinel Homes Proprietary Limited	701,694	-
<b>Preference shares purchased by related parties</b>		
Sentinel Homes Proprietary Limited	31,300,000	-
<b>Related party transactions</b>		
<b>Servicer Fees paid to related parties</b>		
Sentinel Homes Proprietary Limited	215,625	-
<b>Loans purchased from related parties</b>		
Sentinel Homes Proprietary Limited	169,807,095	-
<b>Loan repayments collected by related parties</b>		
Sentinel Homes Proprietary Limited	10,862,329	-
<b>Donation paid to related parties</b>		
The Sentinel Finco Owner Trust	-	150

**SENTINEL FINCO (RING FENCED) LIMITED**  
(REGISTRATION NUMBER 2020/178948/06)  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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Figures in Rand	2023	2022
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**22. Going concern**

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

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

**23. Events after the reporting period**

No material events have occurred since the end of the financial year up to the date of the audit report.

**24. Directors' emoluments**

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

# **Sentinel Finco (Ring Fenced) Limited**

(Registration Number 2020/178948/06)

**Annual Financial Statements  
for the year ended 28 February 2022**

## **Audited Financial Statements**

in compliance with the Companies Act No. 71 of 2008 of South Africa

Prepared by: KVT Group Proprietary Limited

Audited by: Moore Johannesburg Incorporated

Date published: 22 June 2022

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

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# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## General Information

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<b>Country of Incorporation and Domicile</b>	South Africa
<b>Registration Number</b>	2020/178948/06
<b>Registration Date</b>	20 May 2020
<b>Nature of Business and Principal Activities</b>	The company is a finance special purpose vehicle (SPV).
<b>Directors</b>	Jan Harm Thomas Reyneke Brian William Smith Brendan Harmse
<b>Non-Executive Director</b>	Renier Kriek
<b>Shareholder</b>	The Sentinel Finco Owner Trust
<b>Registered Office</b>	Maitland House 1 River Park Gloucester Road Mowbray 7700
<b>Business Address</b>	Maitland House 1 River Park Gloucester Road Mowbray 7700
<b>Postal Address</b>	PO Box 3741 Cape Town Western Cape 8000
<b>Bankers</b>	ABSA
<b>Tax Number</b>	9049071286
<b>Level of Assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act No. 71 of 2008 of South Africa
<b>Auditors</b>	Moore Johannesburg Incorporated
<b>Company Secretary</b>	Stonehage Flemming Corporate Services Proprietary Limited
<b>Preparer</b>	KVT Group Proprietary Limited

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Directors' Responsibilities and Approval

---

The directors are required by the Companies Act No. 71 of 2008 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 their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regard to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the 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 framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all office bearers are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

The annual financial statements have been audited by the independent auditing firm, Moore Johannesburg Incorporated, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 7 to 9.

The annual financial statements set out on pages 13 to 22 which have been prepared on the going concern basis, were approved by the directors and were signed on 22 June 2022 on their behalf by:



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**Brendan Harmse**



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**Renier Kriek**

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Certificate by the Company Secretary

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I hereby confirm, in my capacity as company secretary of Sentinel Finco (Ring Fenced) Limited, that for the financial year ended 28 February 2022, the company has filed all required returns and notices in terms of the Companies Act No. 71 of 2008 of South Africa, with the Companies and Intellectual Property Commission and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.



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**Stonehage Flemming Corporate  
Services Proprietary Limited**

22 June 2022

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Report of the Audit Committee

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We are pleased to present our report for the financial year ended 28 February 2022.

The audit committee is an independent statutory committee appointed by the shareholder. Further duties are delegated to the audit committee by the directors of the company.

The Audit Committee has specific statutory responsibilities to shareholders in terms of the Companies Act No.71 of 2008 of South Africa. In addition to those responsibilities, the Audit Committee assists the Board by advising and making submissions on the financial reporting, oversight of governance, financial risk management processes and internal financial and non-financial controls, independent audit functions and statutory and regulatory compliance.

### 1. Audit committee terms of reference

The audit committee adopted formal terms of reference that have been approved by the directors. The committee conducted its affairs in compliance with its terms of reference and discharged its responsibilities contained therein. The terms of reference are available on the company's website, at <https://www.sentinelhomes.co.za/investor-relations/> and are also available on request.

### 2. Audit Committee Members and Attendance

The audit committee is independent and consists of three independent, non-executive directors. It meets at least twice per year as per its terms of reference.

The other directors, external auditor and other assurance providers attend meetings by invitation only.

### 3. Role and responsibilities

#### 3.1 Statutory duties

The audit committee's role and responsibilities include statutory duties per the Companies Act No. 71 of 2008 of South Africa, and further responsibilities assigned to it by the board. The audit committee executes its duties in terms of the requirements of King IV.

#### ***External auditor appointment and independence***

The audit committee has satisfied itself that the external auditor was independent of the company, as set out in section 94(8) of the Companies Act No. 71 of 2008 of South Africa, which includes consideration of previous appointments of the auditor, the extent of other work undertaken by the auditor for the company and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The committee ensured that the appointment of the auditor complied with the Companies Act No. 71 of 2008 of South Africa, and any other legislation relating to the appointment of auditors.

The committee nominated, for election at the annual general meeting, Moore Johannesburg Incorporated as the external audit firm and CA Jenkins as the designated auditor responsible for performing the functions of auditor for the 2022 year. The audit committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE list of auditors and their advisors.



# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Report of the Audit Committee

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### *Financial statements and accounting practices*

The audit committee reviewed the accounting policies and the financial statements of the company and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

The audit committee notes that no matters of significance were raised in the reporting period.

### *Internal financial controls*

The audit committee has overseen a process of the effectiveness of the company's system of internal control and risk management, including internal financial controls. This assessment formed the basis for the audit committee's recommendation in this regard to the directors, in order for the directors to report thereon. The board of directors report on the effectiveness of the system of internal controls is included elsewhere in the Annual Report. The audit committee supports the opinion of the directors in this regard.

## 3.2 Duties assigned by the board

In addition to the statutory duties of the audit committee, as reported above, and in accordance with the provisions of the Companies Act No. 71 of 2008 of South Africa, the directors have determined further functions for the audit committee to perform, as set out in the audit committee's terms of reference:

The audit committee is satisfied that the company has optimised the assurance coverage obtained from management, internal and external assurance providers in accordance with an appropriate combined assurance model.

The audit committee, at its meeting held on 22 June 2022, recommended the financial statements for approval by the directors.

### *Going concern*

The audit committee reviewed a documented assessment, including key assumptions, prepared by management of the going concern status of the company and made recommendations to the directors. The directors statement on the going concern status of the company, as supported by the audit committee, is included elsewhere in the annual financial statements.

On behalf of the audit committee:



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**BW Smith**

**Chairperson : Audit Committee**

**22 June 2022**

**Moore Johannesburg**

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Johannesburg, 2193  
PO Box 3094, Houghton, 2041

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## Independent Auditor's Report

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### To the Shareholder of Sentinel Finco (Ring Fenced) Limited

### Report on the Audit of the Separate Financial Statements

#### Opinion

We have audited the financial statements of Sentinel Finco (Ring Fenced) Limited set out on pages 13 to 22, which comprise the statement of financial position as at 28 February 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sentinel Finco (Ring Fenced) Limited as at 28 February 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have not identified any key audit matters for the financial year ended 28 February 2022.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sentinel Finco (Ring Fenced) Limited's annual financial statements for the year ended 28 February 2022", which includes the Directors' Report, the statement of Directors' Responsibilities and Approval, the Certificate by the Company Secretary, and the Report of the Audit Committee as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does

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

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

### **Responsibilities of the directors for the financial statements**

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

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

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



## Independent Auditor's Report

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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 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 Moore Johannesburg has been the auditor of Sentinel Finco (Ring Fenced) Limited for 1 year.

*Moore Johannesburg Inc*

**Moore Johannesburg Inc.  
Registered Auditors**

**Per: C Jenkins  
Director  
Registered Auditor**

**22 June 2022  
Johannesburg**

**50 Oxford Road  
Parktown  
Johannesburg  
2193**



## Report of the Compiler

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### To the Directors of Sentinel Finco (Ring Fenced) Limited

We have compiled the accompanying financial statements of Sentinel Finco (Ring Fenced) Limited based on information you have provided. These financial statements comprise the statement of financial position as at 28 February 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act No. 71 of 2008 of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with International Financial Reporting Standards.

KVT Group Proprietary Limited

22 June 2022

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**Marilize Koch**  
**Professional Accountant (SA)**

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Directors' Report

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The directors present their report for the year ended 28 February 2022.

### 1. Review of activities

#### Main business and operations

The company is a company incorporated in the Republic of South Africa. The entire issued share capital of the company is held by The Sentinel Finco Issuer Owner Trust, a registered discretionary trust. The company is a special purpose vehicle in that it is incorporated with the sole purpose of issuing notes, purchasing income producing loan assets, and the exercise of related rights and powers and other activities reasonably associated with those activities.

The company was incorporated on 20 May 2020 and during the current reporting period was dormant and commenced operations on 1 March 2022.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

### 2. Going concern

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

The company incurred a net loss for the year ended 28 February 2022 of R1,140 and, as at that date its total liabilities exceeded its total assets by R990.

The directors are satisfied that the company will, by virtue of events after the reporting date, be in a position where its assets exceed its liabilities and it makes a profit. This forms the basis for the going concern assumption.

### 3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

On 1 March 2022 the company issued an asset-backed note under its asset-backed securities programme. The Class A note, for an aggregate principal amount of R50 000 000, is listed on the JSE. In addition, the company issued cumulative redeemable preference shares for an aggregate of R12 500 000 to Sentinel Homes (Pty) Ltd, which fulfils the role of originator and servicer in respect of the asset-backed securities programme of the company. The total consideration was used to purchase a portfolio of qualifying assets, being finance lease receivables arising from the sale of land on instalment, as provided for in the programme memorandum available on the company's website.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

### 4. Authorised and issued share capital

During the year under review, the company issued 100 ordinary shares of no par value.

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Directors' Report

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### 5. Dividend

No dividend was declared or paid to the shareholder during the year.

### 6. Directors

The directors of the company during the year and up to the date of this report are as follows:

Jan Harm Thomas Reyneke (Appointed 12 April 2021)

Brian William Smith (Appointed 12 April 2021)

Brendan Harmse (Appointed 12 April 2021)

Renier Kriek (Appointed 24 November 2021)

Jesse Martin Leon Carberry (Resigned 12 April 2021)

Brendan Harmse (Alternate for Jesse Martin Leon Carberry, resigned 12 April 2021)

### 7. Secretary

The company designated secretary is Stonehage Flemming Corporate Services Proprietary Limited.

### 8. Shareholder

There have been no changes in ownership during the current financial year.

The shareholder and its interest at the end of the year is:

	<b>Holding</b>
The Sentinel Finco Owner Trust	100%

### 9. Independent Auditors

Moore Johannesburg Incorporated were appointed as independent auditors on 1 May 2021 and will continue as auditors for the 2023 reporting period.

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Statement of Financial Position

Figures in R

	Notes	2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	5	<u>1,010</u>
<b>Total assets</b>		<u><b>1,010</b></u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Issued capital	6	150
Accumulated loss		<u>(1,140)</u>
<b>Total equity</b>		<u><b>(990)</b></u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Loan from group company	7	<u>2,000</u>
<b>Total equity and liabilities</b>		<u><b>1,010</b></u>



# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Statement of Profit or Loss and Other Comprehensive Income

Figures in R

	Note	2022
Administrative expenses	8	(990)
Other expenses		(150)
<b>Loss from operating activities</b>		<b>(1,140)</b>
<b>Loss for the year</b>		<b>(1,140)</b>

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Statement of Changes in Equity

Figures in R	Issued capital	Accumulated loss	Total
<b>Changes in equity</b>			
Loss for the year	-	(1,140)	(1,140)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(1,140)	(1,140)
Issue of shares	150	-	150
<b>Balance at 28 February 2022</b>	<b>150</b>	<b>(1,140)</b>	<b>(990)</b>
Notes	<b>6</b>		

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Statement of Cash Flows

Figures in R

	Notes	2022
<b>Net cash flows used in operations</b>	9	<u>(990)</u>
<b>Cash flows from financing activities</b>		
Proceeds from group company		<u>2,000</u>
<b>Cash flows from financing activities</b>		<u><b>2,000</b></u>
<b>Net increase in cash and cash equivalents</b>		<u><b>1,010</b></u>
Cash and cash equivalents at beginning of the year		-
<b>Cash and cash equivalents at end of the year</b>	5	<u><b>1,010</b></u>

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Accounting Policies

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### 1. General information

Sentinel Finco (Ring Fenced) Limited ('the company') is a finance special purpose vehicle (SPV).

The company, which is registered to issue notes on JSE Limited, is incorporated as a public company in terms of section 8(2)(d) of the Companies Act No.71 of 2008 of South Africa and domiciled in South Africa.

### 2. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, International Financial Reporting Interpretations Committee, its interpretations as adopted by the IASB, the Financial Reporting Guides (SAICA-APC), the Financial Reporting Pronouncements issued by the Financial Reporting Standards Council and in the manner required by the Companies Act. The annual financial statements have been prepared on the going concern basis, and incorporate the principal accounting policies set out below. The annual financial statements are presented in the functional currency of the company in South African Rands.

The company has adopted its memorandum of incorporation which is specific to the purpose of the company and includes material that requires the company to include the words "Ring Fenced" in its name.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management did not apply any estimates or judgement during the current reporting period. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

#### 2.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is:

- cash;
- a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

#### Classification and recognition

Classification of a financial instrument, or its component parts takes place on initial recognition. Each instrument is classified as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

#### *Financial assets classification*

The company's financial assets consist of cash and are measured at amortised cost.

#### Initial measurement

##### *Financial assets*

When a financial asset is recognised initially, it is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Accounting Policies

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*Basis of preparation and summary of significant accounting policies continued...*

### Subsequent measurement

#### Loan to (from) group company

This includes loans from associates and are recognised initially at fair value plus direct transaction costs.

The loan from group company is classified as a financial liability at amortised cost, and is initially measured at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently carried at amortised cost.

### Share capital and equity

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

Ordinary shares are recognised at par value and classified as 'share capital' in equity.

## 2.2 Tax

Tax expense (tax credit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

## 2.3 Related parties

A related party is a person or entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Accounting Policies

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### 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

No critical accounting estimates and judgements were made during the financial year.

### 4. Changes in accounting policies and disclosures

Standards, interpretations and amendments to published standards that are not yet effective for the annual reporting period beginning on or after 1 March 2021.

#### Annual Improvements to IFRS Standards 2018–2020

Makes amendments to the following standards:

- IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Application of the above standards did not impact these financial statements and are not expected to have an impact on the presentation of future financial results of the company.

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Notes to the Annual Financial Statements

Figures in R

2022

### 5. Cash and cash equivalents

Cash and cash equivalents included in current assets:

#### Cash

Balances with banks	1,010
	<u>1,010</u>

### 6. Issued capital

Authorised and issued share capital

#### Authorised

Ordinary shares of no par value	5,000
Cumulative redeemable preference shares of no par value	5,000
	<u>10,000</u>

#### Issued

100 Ordinary shares of no par value	150
	<u>150</u>

### 7. Loan from group company

Loan from group company comprises:

Sentinel Homes Proprietary Limited	2,000
	<u>2,000</u>

The loan is unsecured, bears no interest, and has no fixed repayment terms.

### 8. Administrative expenses

Administrative expenses comprise:

Bank charges	990
	<u>990</u>

### 9. Cash flows from operating activities

Loss for the year	(1,140)
Adjustments for:	
Other adjustments for non-cash items	
Donation	150
Net cash flows from operations	<u>(990)</u>

# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Notes to the Annual Financial Statements

Figures in R

2022

### 10. Directors remuneration

No remuneration has been paid to any directors or prescribed officers during the financial year.

### 11. Related parties

#### 11.1 Group companies

Ultimate parent	The Sentinel Finco Owner Trust
Key management personnel of the entity	Jan Harm Thomas Reyneke Brian William Smith Brendan Harmse Renier Kriek
Associates	Sentinel Homes Proprietary Limited

#### 11.2 Related party transactions and balances

	Ultimate parent	Fellow subsidiaries	Total
<b>Year ended 28 February 2022</b>			
<b>Related party transactions</b>			
Donations - The Sentinel Finco Owner Trust	150	-	150
<b>Outstanding loan accounts</b>			
Sentinel Homes Proprietary Limited	-	2,000	2,000

### 12. Events after the reporting date

All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

On 1 March 2022 the company issued an asset-backed note under its asset-backed securities programme. The Class A note, for an aggregate principal amount on R50 000 000, is listed on the JSE. In addition, the company issued cumulative redeemable preference shares for an aggregate of R12 500 000 to Sentinel Homes (Pty) Ltd, which fulfils the role of originator and servicer in respect of the asset-backed securities programme of the company. The total consideration was used to purchase a portfolio of qualifying assets, being finance lease receivables arising from the sale of land on instalment, as provided for in the programme memorandum available on the company's website.

The directors are not aware of any matter or circumstance arising since the end of the financial period to the date of this report that could have a material effect on the financial position of the company.



# Sentinel Finco (Ring Fenced) Limited

(Registration Number 2020/178948/06)

Annual Financial Statements for the year ended 28 February 2022

## Notes to the Annual Financial Statements

Figures in R

2022

### 13. Going concern

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

The company incurred a net loss for the year ended 28 February 2022 of R1,140 and, as at that date its total liabilities exceeded its total assets by R990.

The directors are satisfied that the company will, by virtue of events after the reporting date, be in a position where its assets exceed its liabilities and it makes a profit. This forms the basis for the going concern assumption.

### 14. Financial risk management

This note explains the company's exposure to financial risks and how these risks could affect the company's future financial performance. Current year profit and loss information has been included where relevant to add further context.

#### 14.1 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures.

##### 14.1.1 Risk management

The group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

### 15. Capital risk management

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company's capital comprises total equity and borrowings, as shown in the statement of financial position. When funding is required, the company will either raise additional capital or utilise debt. There is no restriction on the level of gearing. However, the company will continuously assess the extent of gearing employed, in the context of the level of liquidity within the company's portfolio.

### 16. Comparative information not presented

The Company is not presenting comparative information as this is the first set of International Financial Reporting Standards financial statements. The Company was incorporated on 20 May 2020, and commenced business on 1 March 2022. The first set of financial statements have been prepared for 12 months, as the company was previously dormant.

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Signature Adoption: Uploaded Signature Image

Signed by link sent to

alida.cronje@stonehagefleming.com

Using IP Address: 51.138.44.109

**Electronic Record and Signature Disclosure:**

Not Offered via DocuSign

Brendan Harmse

brendan.harmse@sf-mr.com



Sent: 22-06-22 | 13:11

Viewed: 22-06-22 | 15:21

Maitland Group

Signed: 22-06-22 | 15:21

Security Level: Email, Account Authentication (None), Authentication

Signature Adoption: Uploaded Signature Image

Signed by link sent to brendan.harmse@sf-mr.com

Using IP Address: 41.13.164.99

Signed using mobile

**Authentication Details**

SMS Auth:

Transaction: 66062F275A70090491932DAD4AAA04E1

Result: passed

Vendor ID: TeleSign

Type: SMSAuth

Performed: 22-06-22 | 15:21

Phone: +27 64 753 8741

**Electronic Record and Signature Disclosure:**

Not Offered via DocuSign

Brian William Smith

bwsmithonstratton@gmail.com



Sent: 22-06-22 | 13:11

Viewed: 22-06-22 | 13:23

Non Executive Director

Signed: 22-06-22 | 13:28

MGSA - Corporate Clients

Signature Adoption: Uploaded Signature Image

Signed by link sent to

bwsmithonstratton@gmail.com

Using IP Address: 197.90.39.194

Security Level: Email, Account Authentication (None), Authentication

**Authentication Details**

**Signer Events****Signature****Timestamp****SMS Auth:**

Transaction: 66062D753F880E049192D4EBCC6AD00C  
Result: passed  
Vendor ID: TeleSign  
Type: SMSAuth  
Performed: 22-06-22 | 13:22  
Phone: +27 82 568 8603

**Electronic Record and Signature Disclosure:**

Accepted: 31-01-22 | 12:11  
ID: 57bf0201-1520-4aba-aedd-6cdafee4fc45

Marilize Koch

marilize@ban.co.za

Security Level: Email, Account Authentication  
(None), Authentication



Sent: 22-06-22 | 13:11

Viewed: 22-06-22 | 13:13

Signed: 22-06-22 | 13:19

Signature Adoption: Uploaded Signature Image

Signed by link sent to marilize@ban.co.za

Using IP Address: 41.114.138.26

**Authentication Details****SMS Auth:**

Transaction: 66062D506584100491933ABF358AC84C  
Result: passed  
Vendor ID: TeleSign  
Type: SMSAuth  
Performed: 22-06-22 | 13:12  
Phone: +27 78 326 4669

**Electronic Record and Signature Disclosure:**

Accepted: 22-06-22 | 13:13  
ID: b49f8814-746d-45a3-beac-13312fb8bf85

Moore Johannesburg Inc

caw@moorejhb.co.za

Security Level: Email, Account Authentication  
(None)



Sent: 22-06-22 | 13:11

Viewed: 22-06-22 | 13:29

Signed: 22-06-22 | 13:30

Signature Adoption: Pre-selected Style

Signed by link sent to caw@moorejhb.co.za

Using IP Address: 89.24.97.11

**Electronic Record and Signature Disclosure:**

Accepted: 22-06-22 | 13:29  
ID: 2b3011a1-6b6d-4f4d-b938-353df93466ec

Renier Kriek

renier@combinedfinance.co.za

Security Level: Email, Account Authentication  
(None), Authentication



Sent: 22-06-22 | 13:11

Viewed: 22-06-22 | 13:14

Signed: 22-06-22 | 13:15

Signature Adoption: Pre-selected Style

Signed by link sent to

renier@combinedfinance.co.za

Using IP Address: 41.164.168.90

**Authentication Details****SMS Auth:**

Transaction: 66062D56BD84030491939D1C555AC9C4  
Result: passed  
Vendor ID: TeleSign  
Type: SMSAuth  
Performed: 22-06-22 | 13:14  
Phone: +27 83 532 6968

**Electronic Record and Signature Disclosure:**

Accepted: 22-06-22 | 13:14  
ID: 38b28994-6e2e-4726-8218-ce31e910d192

<b>In Person Signer Events</b>	<b>Signature</b>	<b>Timestamp</b>
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<b>Editor Delivery Events</b>	<b>Status</b>	<b>Timestamp</b>
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<b>Agent Delivery Events</b>	<b>Status</b>	<b>Timestamp</b>
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<b>Intermediary Delivery Events</b>	<b>Status</b>	<b>Timestamp</b>
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<b>Certified Delivery Events</b>	<b>Status</b>	<b>Timestamp</b>
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<b>Carbon Copy Events</b>	<b>Status</b>	<b>Timestamp</b>
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Bree Adams

bree.adams@stonehagefleming.com

Vuzion OBO Datafabricx OBO Maitland Group

Security Level: Email, Account Authentication (None)

**Electronic Record and Signature Disclosure:**  
Not Offered via DocuSign

**COPIED**

Sent: 22-06-22 | 13:11

<b>Witness Events</b>	<b>Signature</b>	<b>Timestamp</b>
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<b>Notary Events</b>	<b>Signature</b>	<b>Timestamp</b>
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<b>Envelope Summary Events</b>	<b>Status</b>	<b>Timestamps</b>
--------------------------------	---------------	-------------------

Envelope Sent

Hashed/Encrypted

22-06-22 | 13:11

Certified Delivered

Security Checked

22-06-22 | 13:14

Signing Complete

Security Checked

22-06-22 | 13:15

Completed

Security Checked

22-06-22 | 15:21

<b>Payment Events</b>	<b>Status</b>	<b>Timestamps</b>
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<b>Electronic Record and Signature Disclosure</b>
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