



PSG KONSULT TREASURY LIMITED  
(Registration number 2014/196582/06)  
Annual Financial Statements  
for the year ended 28 February 2021

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

Annual Financial Statements for the year ended 28 February 2021

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Company registration number</b>	2014/196582/06
<b>Registered office</b>	4th Floor, The Edge 3 Howick Close Tyger Waterfront Bellville 7530
<b>Postal address</b>	PO Box 3335 Tyger Valley 7536
<b>Directors</b>	MIF Smith (Executive Financial Director) W Theron FJ Gouws
<b>Debt Officer</b>	MIF Smith (Appointed 7 October 2020)
<b>Secretary</b>	PSG Management Services Proprietary Limited
<b>Bankers</b>	ABSA Bank Limited Nedbank Limited
<b>Auditor</b>	PricewaterhouseCoopers Inc. Cape Town
<b>Legal advisors</b>	Cliffe Dekker Hofmeyr Inc.
<b>Nature of business and principal activities</b>	General treasury functions to the PSG Konsult Group
<b>Holding company</b>	PSG Konsult Limited
<b>Ultimate holding company</b>	PSG Group Limited
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
<b>Preparer</b>	The preparation of the annual financial statements was supervised by: GC Krüger CA (SA)

# PSG KONSULT TREASURY LIMITED

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# PSG KONSULT TREASURY LIMITED

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## Corporate Governance Report

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Corporate governance disclosures in accordance with the JSE Debt Listings Requirements:

- The company is a wholly owned subsidiary of PSG Konsult Limited (PSG Konsult) and is supported by the committees established by PSG Konsult. A brief mandate of the various committees, their composition and meeting attendance are disclosed on pages 67 - 68 and pages 76 - 81 of the PSG Konsult Integrated Report which can be accessed at <https://www.psg.co.za/investor-relations/overview>.
- A brief CV of each of the company's directors and committee members are disclosed on pages 67 - 68 of the PSG Konsult Integrated Report which can be accessed at <https://www.psg.co.za/investor-relations/overview>.
- The independence of directors are determined holistically, and on a substance over form basis in accordance with the indicators provided in Section 94(4)(a) and (b) of the Companies Act and the King Code.
- The company confirms that the audit committee has executed their responsibilities as set out in paragraph 7.3(e) of the JSE Debt Listings Requirements.
- The company follows an existing policy on the evaluation of the performance of the board of directors and that of its committees, its chair and its individual directors pursuant to the provisions of the King Code.
- MIF Smith, the chief financial officer of the PSG Konsult group and the company, was appointed as the company's debt officer on 7 October 2020. The board of the company has duly considered and satisfied itself with the competence, qualifications and experience of Mr Smith in relation to his appointment as debt officer.
- The company's board appointment and conflict of interest policies are accessible at <https://download.psg.co.za/files/investor-relations/financial-information/PSG%20Konsult%20Treasury%20Limited%20-%202020%20board%20charter.pdf>. These policies have remained unchanged since the publication thereof.
- As at 17 May 2021 there are no recorded conflicts of interest or personal financial interest of the directors and/or executive management of the company, therefore no conflicts of interest register is published.

# PSG KONSULT TREASURY LIMITED

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## Audit Committee Report

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The committee is pleased to present its report for the financial year ended 28 February 2021.

The audit committee of PSG Konsult Limited (PSG Konsult), the company's holding company, acts as the audit committee for the company. The PSG Konsult audit committee is an independent statutory committee appointed by the shareholders.

The committee is responsible for ensuring the integrity of integrated reporting and reviewing the effectiveness of the financial reporting process, the system of internal control and management of financial risks, the assurance process, and the company's process for monitoring compliance with laws and regulations and its own code of business conduct. The committee recommends the annual financial statements for approval to the board and is responsible for monitoring, engaging with, and determining the remuneration of the external auditor.

### 1. Composition and meeting proceedings

At 28 February 2021, the PSG Konsult audit committee consisted of 4 non-executive directors who act independently as described in Section 94 of the Companies Act.

For the financial year ended 28 February 2021, the members of the PSG Konsult audit committee were:

Membership and attendance	13 April 2020	7 October 2020	27 October 2020
J de V Du Toit	✓	✓	✓
PE Burton	✓	✓	✓
ZL Combi	✓	✓	✓
ZRP Matsau	✓	✓	x

✓ *Present*

x *Apology*

The committee met twice, formally, in the financial year under review and had full attendance. In addition, an ad hoc meeting was held on 27 October 2020 and attended by the majority of the committee. At the meetings, the members fulfilled all their functions as prescribed by the Companies Act, as well as those additional functions as determined by the board.

### 2. Duties

In execution of its statutory duties during the past financial year, the PSG Konsult audit committee has reviewed the annual financial statements, culminating in a recommendation to the board.

In the course of its review the committee

- takes appropriate steps to ensure that the financial statements are prepared in accordance with IFRS;
- considers and, when appropriate, makes recommendations on internal financial control;
- deals with concerns or complaints relating to:
  - accounting policies;
  - the auditing or content of annual financial statements, and
  - internal financial controls;
- reviews the external audit report on the annual financial statements;
- reviews the risk management reports and, where relevant, makes recommendations to the board;
- evaluates the effectiveness of risk management, controls and the governance processes;
- verifies the independence of the external auditor and of any nominee for appointment as the designated auditor;
- approves the audit fees and engagement terms of the external auditor; and
- determines the nature and extent of allowable non-audit services and approves the contract terms for the provision of non-audit services by the external auditor.

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

Annual Financial Statements for the year ended 28 February 2021

## Audit Committee Report

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### 3. Legal requirements

The PSG Konsult audit committee has complied with all applicable legal, regulatory and other responsibilities for the financial year.

### 4. External auditor

The board sets a policy that governs the level and nature of non-audit services, which requires pre-approval by the audit committee for all non-audit services. In determining the independence of the external auditors, the committee considers the level and types of non-audit services provided as well as other enquiries and representations. As required by the Companies Act, the committee has satisfied itself that PSG Konsult Limited's external auditor, PricewaterhouseCoopers Inc., was independent of the company, as set out in sections 90(2)(c) and 94(8) of the Companies Act and is thereby able to conduct its audit functions without any undue influence from the company. The committee has considered the relevant audit quality indicators, including the audit firm's system of quality control. The committee was satisfied with the quality of the audit concluded.

PricewaterhouseCoopers Inc., being the audit firm, as well as Mr RA Botha, being PSG Konsult's individual auditor for the 2021 financial year, have been accredited on the JSE list of auditors in terms of the criteria in the JSE Listings Requirements.

The PSG Konsult group, following the conclusion of a tender process, on recommendation of the audit committee and endorsement by the board, has proposed the appointment of Deloitte & Touche as external auditor, with Nina le Riche as the designated audit partner, with effect from the financial year ending 28 February 2022. This appointment is subject to approval from the Prudential Authority of the South African Reserve Bank. Shareholders will be requested to approve the above appointment at PSG Konsult's 2021 annual general meeting.

The change in external auditor was initiated by the group to early adopt mandatory audit firm rotation. As a consequence, Deloitte & Touche will then also be appointed as the auditor of the company for the year ending 28 February 2022. As required by paragraphs 3.84(g)(iii) of the JSE Listings Requirements and 7.3(e)(iii) of the JSE Debt Listings Requirements, the committee has satisfied itself that Deloitte & Touche and Nina le Riche are suitable for appointment as audit firm and individual auditor, respectively, by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements.

### 5. Financial function

In terms of the JSE Listings Requirements, the audit committee performs an annual evaluation of the financial reporting function in the company. The PSG Konsult audit committee was satisfied that the financial reporting function had appropriate resources, skills, expertise and experience. The committee ensured that the appropriate financial reporting procedures exist and are operating as contemplated in paragraph 7.3(e)(ii) of the JSE Debt Listings Requirements. The committee also satisfied itself in terms of paragraph 7.3(e)(i) of the JSE Debt Listings Requirements that Mr MIF Smith, the CFO of the PSG Konsult group and the company, possesses the appropriate skills, expertise and experience to meet the responsibilities required for that position during his service as such.

### 6. Internal financial controls

The PSG Konsult audit committee evaluated the company's internal financial controls and based on the information and explanations given by management and the PSG Konsult group internal audit function, as well as discussions with the independent external auditor regarding the results of their audit, the committee is satisfied that there was no material breakdown in the internal financial controls during the financial year under review.

### 7. Governance of risk

The board has assigned oversight of the company's risk management function to the PSG Konsult risk committee. The chairman of the PSG Konsult risk committee is also the chairman of the PSG Konsult audit committee to ensure that information relevant to these committees is transferred effectively. The PSG Konsult audit committee oversees financial reporting risks, internal financial controls, fraud and IT risks as these relate to financial reporting.

### 8. Going concern

The PSG Konsult audit committee reviewed a documented assessment prepared by management, including key assumptions, of the going concern status of the company and made a recommendation to the board in accordance with this assessment.

# **PSG KONSULT TREASURY LIMITED**

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Annual Financial Statements for the year ended 28 February 2021

## **Audit Committee Report**

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### **9. Financial statements**

The PSG Konsult audit committee has evaluated the financial statements of the company for the year ended 28 February 2021 and, based on the information provided to the committee, considers that the company complies, in all material respects, with the requirements of the Companies Act, as amended, and IFRS.



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**PE Burton**

**Chairman of the PSG Konsult audit committee**

**17 May 2021**

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

Annual Financial Statements for the year ended 28 February 2021

## 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 auditor is 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 cash flow forecast for the year to 28 February 2022 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on pages 11 to 14.

The annual financial statements set out on pages 15 to 32, which have been prepared on the going concern basis, were approved by the board of directors on 17 May 2021 and were signed on their behalf by:



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**FJ Gouws**



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**MIF Smith**



## **PSG KONSULT TREASURY LIMITED**

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### **Company Secretary's Certification**

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I hereby certify, in accordance with section 88(2)(e) of the Companies Act of South Africa, that for the year ended 28 February 2021, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required by a public company in terms of the Act and that all such returns are true, correct and up to date.



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**S Hamit (on behalf of PSG Management Services Proprietary Limited)**  
**Company Secretary**  
**17 May 2021**

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

Annual Financial Statements for the year ended 28 February 2021

## Directors' Report

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The directors have pleasure in submitting their report on the annual financial statements of PSG Konsult Treasury Limited for the year ended 28 February 2021.

### 1. Nature of business

The company carries out the business of finance and financing related activities.

### 2. Review of financial results and activities

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

### 3. Corporate governance

PSG Konsult Treasury Limited has adopted a board charter in line with the King IV Report on Corporate Governance™ for South Africa, 2016 principles and JSE Listings Requirements pertaining to debt issuers. The King IV™ application register is available on the PSG Konsult Limited website ([www.psg.co.za](http://www.psg.co.za)).

### 4. Dividends

No dividends were declared during the year under review.

### 5. Share capital

Authorised			2021	2020
			Number of shares	Number of shares
Ordinary no par value shares			1 000	1 000
Issued	2021	2020	2021	2020
	R	R	Number of shares	Number of shares
Ordinary no par value shares	100	100	100	100

There have been no changes to the authorised or issued share capital during the year under review.

### 6. Events after the reporting period

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

### 7. Holding company

The company's holding company is PSG Konsult Limited (incorporated in South Africa and listed on the JSE Limited).

### 8. Ultimate holding company

The company's ultimate holding company is PSG Group Limited (incorporated in South Africa and listed on the JSE Limited).

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

Annual Financial Statements for the year ended 28 February 2021

## Directors' Report

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### 9. Directorate

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

<b>Directors</b>	<b>Capacity</b>
MIF Smith	Executive
W Theron	Non-executive
FJ Gouws	Executive

There have been no changes to the directorate for the year under review.

### 10. Secretary

The company secretary is PSG Management Services Proprietary Limited.

Postal address: PO Box 3335  
Tyger Valley  
7536

Business address: 4th Floor, The Edge  
3 Howick Close  
Tyger Waterfront  
Bellville  
7530

### 11. Auditors

PricewaterhouseCoopers Inc. was the company's external auditor in accordance with section 90(6) of the Companies, Act No. 71 of 2008 as amended for the year ended 28 February 2021. As set out in the Audit Committee Report, the company has proposed the appointment of Deloitte & Touche as external auditor for the year ending 28 February 2022.



## *Independent auditor's report*

To the Shareholder of PSG Konsult Treasury Limited

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of PSG Konsult Treasury Limited (the Company) as at 28 February 2021, 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.

#### **What we have audited**

PSG Konsult Treasury Limited's financial statements set out on pages 15 to 32 comprise:

- the statement of financial position as at 28 February 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

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*PricewaterhouseCoopers Inc.,  
5 Silo Square, V&A Waterfront, Cape Town 8002, P O Box 2799, Cape Town 8001  
T: +27 (0) 21 529 2000, F: +27 (0) 21 814 2000, [www.pwc.co.za](http://www.pwc.co.za)*

Chief Executive Officer: L S Machaba  
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

## Our audit approach

### Overview

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

#### Overall materiality

- Overall materiality: R256,354 which represents 5% of profit before tax

#### Key audit matters

- No key audit matters to report.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	R256,354
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

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### *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to report with respect to the financial statements.

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### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the document titled “PSG Konsult Treasury Limited Annual Financial Statements for the year ended 28 February 2021”, which includes the Directors’ Report, the Audit Committee Report and the Company Secretary’s Certification as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor’s 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 identified above 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.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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### *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 PricewaterhouseCoopers Inc. has been the auditor of PSG Konsult Treasury Limited for 7 years.

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PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: RA Botha

Registered Auditor

Cape Town, South Africa

17 May 2021

# PSG KONSULT TREASURY LIMITED

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Annual Financial Statements for the year ended 28 February 2021

## Statement of Financial Position as at 28 February 2021

Figures in Rand	Note	2021	2020
<b>Assets</b>			
<b>Non-Current Assets</b>			
Deferred tax	3	12 170	11 590
<b>Current Assets</b>			
Loans to group companies	4	55 000 000	150 000 000
Current tax receivable		-	94
Cash and cash equivalents	5	267 921	1 068 728
		<b>55 267 921</b>	<b>151 068 822</b>
<b>Total Assets</b>		<b>55 280 091</b>	<b>151 080 412</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	6	100	100
Retained earnings		8 647 703	4 956 203
		<b>8 647 803</b>	<b>4 956 303</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Loans from group companies	8	46 577 610	146 071 294
Trade and other payables	10	54 491	52 815
Current tax payable		187	-
		<b>46 632 288</b>	<b>146 124 109</b>
<b>Total Equity and Liabilities</b>		<b>55 280 091</b>	<b>151 080 412</b>



# PSG KONSULT TREASURY LIMITED

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## Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note	2021	2020
Interest income on amortised cost financial instruments	11	5 364 834	10 497 563
Other operating expenses		(237 750)	(277 869)
<b>Operating profit</b>	12	<b>5 127 084</b>	<b>10 219 694</b>
Finance costs	13	-	(4 037 887)
Expense on derecognition of financial liability measured at amortised cost	14	-	(823 190)
<b>Profit before taxation</b>		<b>5 127 084</b>	<b>5 358 617</b>
Taxation	15	(1 435 584)	(1 503 181)
<b>Profit for the year</b>		<b>3 691 500</b>	<b>3 855 436</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>3 691 500</b>	<b>3 855 436</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		3 691 500	3 855 436

# PSG KONSULT TREASURY LIMITED

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Annual Financial Statements for the year ended 28 February 2021

## Statement of Changes in Equity

Figures in Rand	Share capital	Retained earnings	Total equity
<b>Balance at 01 March 2019</b>	<b>100</b>	<b>1 100 767</b>	<b>1 100 867</b>
Profit for the year	-	3 855 436	3 855 436
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3 855 436</b>	<b>3 855 436</b>
<b>Balance at 01 March 2020</b>	<b>100</b>	<b>4 956 203</b>	<b>4 956 303</b>
Profit for the year	-	3 691 500	3 691 500
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3 691 500</b>	<b>3 691 500</b>
<b>Balance at 28 February 2021</b>	<b>100</b>	<b>8 647 703</b>	<b>8 647 803</b>

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

Annual Financial Statements for the year ended 28 February 2021

## Statement of Cash Flows

Figures in Rand	Note	2021	2020
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations	16	(4 729 758)	84 440 790
Interest received		5 364 834	22 649 804
Finance costs		-	(6 701 132)
Tax paid	17	(1 435 883)	(1 497 231)
<b>Net cash (used in)/from operating activities</b>		<b>(800 807)</b>	<b>98 892 231</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	9	- (100 000 000)	
<b>Net cash from financing activities</b>		<b>- (100 000 000)</b>	
<b>Total cash movement for the year</b>		<b>(800 807)</b>	<b>(1 107 769)</b>
Cash at the beginning of the year		1 068 728	2 176 497
<b>Total cash at end of the year</b>	5	<b>267 921</b>	<b>1 068 728</b>

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

Annual Financial Statements for the year ended 28 February 2021

## Accounting Policies

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### 1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### 1.1 Basis of preparation

The annual financial statements of PSG Konsult Treasury Limited have been prepared in accordance with the JSE Listings Requirements and the requirements of the Companies Act. The JSE Listings Requirements require annual financial statements to be prepared in accordance with the framework concepts and the recognition and measurement requirements of IFRS, as defined by IAS 1; the IFRIC interpretations; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council, and the manner required by the Companies Act. The financial statements have been prepared under the historical cost convention.

The preparation of annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further below.

#### 1.2 Financial instruments

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

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:

##### Loans to group companies

###### Classification

Loans to group companies (note 4), are classified as financial assets 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 and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans.

###### Recognition and measurement

Loans to group companies 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 less any expected credit loss allowance.

Interest income is calculated using the effective interest method, and is included in profit or loss and disclosed separately as Interest income on amortised cost financial instruments in the statement of profit and loss and other comprehensive income.

###### Expected credit losses

Loss allowances for loans to group companies are measured under the general expected credit loss impairment model as prescribed by IFRS 9.

An expected credit gain or loss is recognised in profit or loss for the amount of expected credit losses (or reversals) required to adjust the loss allowance at the reporting date.

The gross carrying amount of the financial asset is written off and reduced when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

Annual Financial Statements for the year ended 28 February 2021

## Accounting Policies

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### 1.2 Financial instruments (continued)

The period over which the expected credit loss is calculated is limited to the maximum contractual period of the loan. For loans that are repayable on demand, the contractual period is the period needed to transfer the cash once demanded. The expected credit losses are based on the assumption that the repayment of the loan is demanded at the reporting date. As such, the impact of incorporating forward-looking information is immaterial, due to the short period over which the expected credit loss assessment is performed.

The financial information of the borrower at the reporting date is inspected to determine if:

- the borrower has sufficient accessible highly liquid assets or facilities in order to repay the loan if demanded at the reporting date, and
- that there is no senior debt which the borrower would need to repay before the intergroup loan being assessed.

In such a scenario, assuming that the entity has no restrictions on its liquid assets and could meet a demand to repay the loan at the reporting date, no expected credit loss would be recognised unless the impact of discounting from when the repayment is demanded until it is paid is material.

### Borrowings and loans from group companies

#### Classification

Borrowings (note 7) and loans from group companies (note 8) are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and measurement

Borrowings and loans from group companies 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 using the effective interest method.

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

### Trade and other payables

#### Classification

Trade and other payables (note 10) are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and measurement

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

They are subsequently measured at amortised cost using the effective interest method.

### Cash and cash equivalents

Cash and cash equivalents are classified as financial assets subsequently measured at amortised cost (note 5).

Cash and cash equivalents consist of cash held at call with banks and other short-term highly liquid investments with maturities of three months or less. Cash and cash equivalents are measured at amortised cost using the effective interest method.

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

Annual Financial Statements for the year ended 28 February 2021

## Accounting Policies

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### 1.2 Financial instruments (continued)

#### Derecognition of financial instruments

##### 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. 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 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.

### 1.3 Tax

#### Tax expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss.

The current income tax charge is calculated on the basis as set out in the South African Income Tax Act, No. 58 of 1962 (Income Tax Act).

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 1.4 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

### 1.5 Interest income on amortised cost financial instruments

Interest income comprises of interest earned on cash and cash equivalents and loans to group companies. Interest income is recognised using the effective interest rate method and disclosed separately as interest income on amortised cost financial instruments in the statement of profit and loss and other comprehensive income.

### 1.6 Segment reporting

An operating segment is a component of the group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources allocated to segments and assessing segment performance.

The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments, are the executive management committee that makes strategic decisions.

Decision making in relation to resource allocation or performance evaluation is performed at Company level. PSG Konsult Treasury Limited operates its business within the Republic of South Africa and deems all revenue and expenses to be subject to the economic conditions.

The company has therefore assessed that it has only one reportable segment as reported on its annual financial statements.

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

Annual Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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### 2. New Standards and Interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

The following new standards, interpretations or amendments, which are relevant to the company's operations, became effective during the year:

- Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2020)*  
The amendments clarify the definition of material and how it should be applied by including guidance in the definition that until now has featured elsewhere in the IFRS Standards. In addition, the explanations accompanying the definition have been improved. The amendments ensure that a consistent definition of material is used throughout all IFRS Standards. The adoption of this amendment had no material impact on the reported results of the company in the current and prior financial years.

#### 2.2 Standards and interpretations not yet effective

The following new standards, interpretations and amendments have been published and are mandatory for the company's accounting periods beginning on or after 1 March 2021 or later periods and have not been early adopted by the company:

- Amendment to IAS 1 – Presentation of Financial Statements – Classification of liabilities and Disclosure of accounting policies (effective 1 January 2023)*  
Management has assessed the impact of this amendment on the reported results of the company and does not foresee any impact.

There have been no other new standards, amendments and interpretations effective and not yet effective that are relevant to the operations of PSG Konsult Treasury in 2021.

### 3. Deferred tax

#### Deferred tax asset

Audit fee accrual	12 170	11 590
<b>Reconciliation of deferred tax asset</b>		
At beginning of year	11 590	18 565
Deductible/(taxable) temporary difference	580	(6 975)
<b>At the end of the year</b>	<b>12 170</b>	<b>11 590</b>

### 4. Loans to group companies

#### Fellow subsidiaries

PSG Scriptfin Proprietary Limited	55 000 000	150 000 000
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The loans to group companies are unsecured, bear variable interest at an effective interest rate range of between 6% and 8.75% (2020: 8.75% and 10.25%) and are repayable on demand.

#### Expected credit losses

The group companies were assessed to have sufficient accessible liquid assets or facilities available to repay the loans in full, taking into consideration any senior debt which the borrower would need to repay first, should repayment be demanded on the reporting date. Management therefore determined that any expected credit losses as well as the impact of discounting would be immaterial. Due to the short period over which the expected credit loss assessment is performed, the impact of incorporating forward-looking information is immaterial.

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

Annual Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	267 921	1 068 728
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The effective interest rate on cash and cash equivalents was 3.05% (2020: 5.74%).

Expected credit losses on cash and cash equivalents are measured on 12-month expected credit loss basis and reflect the short-term maturities of the exposures. The company considers that its cash and cash equivalents have good credit quality based on the external credit ratings of the counterparties. Expected credit losses is therefore assessed as immaterial.

### 6. Share capital

#### Authorised

1000 Ordinary no par value shares	1 000	1 000
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#### Reconciliation of number of shares issued:

Reported as at 01 March	100	100
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#### Issued

Ordinary no par value shares	100	100
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All shares issued by the company were fully paid. The unissued shares in the company are placed under the control of the directors until the next annual general meeting.

### 7. Borrowings

PSG Konsult Treasury Limited established a R3 billion DMTN programme during the 2018 financial year. The maiden note issued of R100 million was fully subscribed to by ABSA Alternative Asset Management Proprietary Limited. The note had a three year term with a floating interest rate of the three month JIBAR plus a margin of 2.18% and the capital was repayable on 12 July 2020. PSG Konsult Limited provided an irrevocable, unconditional guarantee for all the obligations and liabilities of PSG Konsult Treasury Limited to and in favour of the noteholders of the notes issued.

PSG Konsult Treasury Limited negotiated the early redemption of the R100m notes issued under the DMTN programme and redeemed the notes on 12 July 2019. PSG Konsult Treasury Limited therefore has no listed debt securities, but has retained the current R3 billion DMTN programme to raise debt funding in the future, if required.

### 8. Loans from group companies

#### Holding company

PSG Konsult Limited	46 577 610	146 071 294
The loan is unsecured, bears no interest and is repayable on demand.		



# PSG KONSULT TREASURY LIMITED

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Annual Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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### 9. Changes in liabilities arising from financing activities

Reconciliation of movement in liabilities to the statement of cash flows - 2021	Loans from group companies	Total
Carrying value at 1 March 2020	146 071 294	146 071 294
Cash flows – advance of borrowings	1 436 316	1 436 316
Cash flows – repayment of borrowings	(100 930 000)	(100 930 000)
<b>Carrying value at 28 February 2021</b>	<b>46 577 610</b>	<b>46 577 610</b>

Cash flows relating to operating activities	(99 493 684)	(99 493 684)
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Reconciliation of movement in liabilities to the statement of cash flows - 2020	Borrowings	Loans from group companies	Total
Carrying value at 1 March 2019	101 228 011	37 169 580	138 397 591
Cash flows – advance of borrowings	-	154 071 294	154 071 294
Cash flows – repayment of borrowings*	(105 451 842)	(45 805 775)	(151 257 617)
Other non-cash movements	4 224 883	636 194	4 861 077
<b>Carrying value at 29 February 2020</b>	<b>1 052</b>	<b>146 071 293</b>	<b>146 072 345</b>

Cash flows relating to financing activities	(100 000 000)	-	(100 000 000)
Cash flows relating to operating activities and non-cash movements	(1 226 959)	108 901 713	107 674 754
	<b>(101 226 959)</b>	<b>108 901 713</b>	<b>7 674 754</b>

\* Includes both the capital repaid as well as the interest payments.

### 10. Trade and other payables

#### Financial instruments:

Accrued audit fees	43 463	41 393
Facility fees payable	11 028	11 422
	<b>54 491</b>	<b>52 815</b>

### 11. Interest income on amortised cost financial instruments

Cash and cash equivalents	6 983	86 483
Interest received from related parties	5 357 851	10 411 080
	<b>5 364 834</b>	<b>10 497 563</b>

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

Annual Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>12. Operating profit</b>		
Operating profit for the year is stated after charging the following:		
<b>Expenses by nature</b>		
Audit fees	72 439	68 990
Bank charges	149 671	176 396
Consulting fees	15 640	22 597
Listing fees	-	9 886
	<b>237 750</b>	<b>277 869</b>
<b>13. Finance costs</b>		
DMTN noteholders	-	3 401 693
Related parties	-	636 194
<b>Total finance costs</b>	<b>-</b>	<b>4 037 887</b>
<b>14. Expense on derecognition of financial liability measured at amortised cost</b>		
Domestic medium term note programme	-	823 190
<b>15. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Local income tax - current period	1 436 164	1 496 206
<b>Deferred</b>		
Deferred tax	(580)	6 975
	<b>1 435 584</b>	<b>1 503 181</b>
<b>Reconciliation of the tax expense</b>		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	28.00 %	28.00 %
Non-deductible charges - Listing fees	- %	0.10 %
<b>Effective tax rate</b>	<b>28.00 %</b>	<b>28.10 %</b>

# PSG KONSULT TREASURY LIMITED

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Annual Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>16. Cash (used in)/generated from operations</b>		
Profit before taxation	5 127 084	5 358 617
<b>Adjustments for:</b>		
Interest income	(5 364 834)	(10 497 563)
Finance costs	-	4 037 887
<b>Changes in working capital:</b>		
Loans to group companies	95 000 000	(24 771 636)
Trade and other payables	1 676	(24 514)
Loans from group companies	(99 493 684)	110 337 999
	<b>(4 729 758)</b>	<b>84 440 790</b>

PSG Konsult Treasury has chosen to present changes in loans to and from group companies as operating cash flows as the cash effects of these movements relate to the entity's principal operating activities.

### 17. Tax paid

Balance at beginning of the year	94	(931)
Current tax for the year recognised in profit or loss	(1 436 164)	(1 496 206)
Balance at end of the year	187	(94)
	<b>(1 435 883)</b>	<b>(1 497 231)</b>

### 18. Related parties

#### Relationships

Holding company  
Fellow subsidiaries

PSG Konsult Limited  
PSG Life Limited  
PSG Scriptfin Proprietary Limited

#### Related party balances

##### Included in loans to/(from) group companies

PSG Konsult Limited	(46 577 610)	(146 071 294)
PSG Scriptfin Proprietary Limited	55 000 000	150 000 000

#### Related party transactions

##### Interest paid to (received from) group companies

PSG Life Limited	-	(795 466)
PSG Konsult Limited	-	636 194
PSG Scriptfin Proprietary Limited	(5 357 851)	(9 615 614)

### 19. Events after the reporting period

No events material to the understanding of these results has occurred between the end of the reporting period and the date of approval of the company financial statements.

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

Annual Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

Figures in Rand

### 20. Financial instruments and risk management

#### Categories of financial instruments

#### Categories of financial assets

##### 2021

	Note	Amortised cost	Total
Loans to group companies	4	55 000 000	55 000 000
Cash and cash equivalents	5	267 921	267 921
		<b>55 267 921</b>	<b>55 267 921</b>

##### 2020

	Note	Amortised cost	Total
Loans to group companies	4	150 000 000	150 000 000
Cash and cash equivalents	5	1 068 728	1 068 728
		<b>151 068 728</b>	<b>151 068 728</b>

#### Categories of financial liabilities

##### 2021

	Note	Amortised cost	Total
Loans from group companies	8	46 577 610	46 577 610
Trade and other payables	10	54 491	54 491
		<b>46 632 101</b>	<b>46 632 101</b>

##### 2020

	Note	Amortised cost	Total
Loans from group companies	8	146 071 294	146 071 294
Trade and other payables	10	52 815	52 815
		<b>146 124 109</b>	<b>146 124 109</b>

The carrying value of these financial instruments approximates their fair value.

# PSG KONSULT TREASURY LIMITED

(Registration number 2014/196582/06)

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## Notes to the Annual Financial Statements

Figures in Rand

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

#### Financial risk management

##### Overview

The company's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out under policies approved by the board of directors. The management of PSG Konsult Treasury Limited identifies, evaluates and mitigates financial risks. The board of directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

Financial instruments are grouped into the above classes in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurement.

##### Credit risk

Credit risk arises from cash and cash equivalents and loans to group companies. Counterparties and cash balances are limited to high-credit-quality financial institutions. In the case of loans to group companies, management would take or insist on collateral or other form of securitisation as they deem fit.

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

		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Loans to group companies	4	55 000 000	-	55 000 000	150 000 000	-	150 000 000
Cash and cash equivalents	5	267 921	-	267 921	1 068 728	-	1 068 728
		<b>55 267 921</b>	<b>-</b>	<b>55 267 921</b>	<b>151 068 728</b>	<b>-</b>	<b>151 068 728</b>

The company determined the credit loss allowance as prescribed by IFRS 9. The above financial assets are all categorised as Stage 1, due to there being no indication of a significant increase in credit risk.

##### Loans to group companies

The following factors would indicate that there is a significant increase in the credit risk of the borrower:

- A material decrease in the highly liquid assets or facilities of the borrower, or a material increase in the debt of the borrower;
- A breach of regulatory solvency or liquidity requirements by the borrower; or
- Any other adverse event that materially impacts the financial viability of the borrower.

The loan would be considered credit impaired where any of these factors result in the borrower being unable to repay the loan on demand and where the company expects to not recover the full balance as a consequence.

# PSG KONSULT TREASURY LIMITED

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## Notes to the Annual Financial Statements

Figures in Rand

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

Financial assets are assessed based on their credit ratings as published by Moody's. Financial assets which fall outside this range are classified as not rated. Credit limits, for each counterparty, are set based on default probabilities that are in turn based on the ratings of the counterparty concerned.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	<b>Loans to group companies R</b>	<b>Cash and cash equivalents R</b>	<b>Total R</b>
<b>28 February 2021</b>			
P1*	-	267 921	267 921
Other non-rated assets	55 000 000	-	55 000 000
	<b>55 000 000</b>	<b>267 921</b>	<b>55 267 921</b>
	<b>Loans to group companies R</b>	<b>Cash and cash equivalents R</b>	<b>Total R</b>
<b>28 February 2020</b>			
P1*	-	1 068 728	1 068 728
Other non-rated assets	150 000 000	-	150 000 000
	<b>150 000 000</b>	<b>1 068 728</b>	<b>151 068 728</b>

\* Moody's short-term rating (P1 - Issuers have a superior ability to repay short-term debt obligations)

#### Concentration

Concentration of credit risk within cash and cash equivalents exists due to the balance being held with ABSA Bank Limited. Concentration of credit risk within loans to group companies (note 4) exist due to counterparties being part of the PSG Konsult group of companies.

# PSG KONSULT TREASURY LIMITED

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Annual Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

Figures in Rand

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

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, it aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

#### 2021

		Less than 1 year	Total	Carrying amount
<b>Current liabilities</b>				
Loans from group companies	8	46 577 610	46 577 610	46 577 610
Trade and other payables	10	54 491	54 491	54 491

#### 2020

		Less than 1 year	Total	Carrying amount
<b>Current liabilities</b>				
Loans from group companies	8	146 071 294	146 071 294	146 071 294
Trade and other payables	10	52 815	52 815	52 815

An undrawn short-term overdraft facility of R50 million is available to the company.

# PSG KONSULT TREASURY LIMITED

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Annual Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

Figures in Rand

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

#### Cash flow interest rate risk

The company's interest rate risk arises from interest-bearing loans to group companies and cash balances.

#### Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note	Carrying amount	
		2021	2020
<b>Variable rate instruments:</b>			
<b>Assets</b>			
Loans to group companies	4	55 000 000	150 000 000
Cash and cash equivalents	5	267 921	1 068 728
		<b>55 267 921</b>	<b>151 068 728</b>
<b>Interest free instruments:</b>			
<b>Liabilities</b>			
Loans from group companies	8	(46 577 610)	(146 071 294)
Trade and other payables	10	(54 491)	(52 815)
		<b>(46 632 101)</b>	<b>(146 124 109)</b>
Variable rate financial assets as a percentage of total interest bearing financial assets		100.00 %	100.00 %
Fixed rate financial liabilities as a percentage of total interest bearing financial liabilities		100.00 %	100.00 %

#### Interest rate sensitivity analysis

Based on simulations performed, the impact on post-tax profit of a 1% shift in interest rates is analysed in the following table:

	2021	2021	2020	2020
	Increase	Decrease	Increase	Decrease
Impact on post-tax profit	397 929	(397 929)	1 087 695	(1 087 695)

#### Capital risk management

The company's objectives when managing capital (which comprises shareholder's equity) are to safeguard the company's ability to continue as a going concern in order to provide adequate returns for shareholders.

Ensuring that the company operates at the optimal cost of capital is therefore a focus point for management and will be considered in decisions relating to dividend declarations, issue of debt or equity instruments or the buying and selling of assets and liabilities.

When funding is required, management will consider the various forms of paper available for issue, taking into account current market conditions, anticipated trends in market indicators and the financial position of the company at the time. The company currently has a R3.0 billion approved DMTN programme, which was unutilised at both 28 February 2021 and 29 February 2020.



# PSG KONSULT TREASURY LIMITED

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## Annexure A - Directors' remuneration

The following directors' remuneration were accrued by the subsidiaries in the PSG Konsult Limited Group for the year ended 28 February 2021:

### Cash-based remuneration

Audited	Directors' fees R000	Basic salary R000	Bonuses and performance-related payments R000	Expense allowances R000	Company contributions R000	LTI R000	Total 2021 R000	Total 2020 R000
<b>Executive</b>								
FJ Gouws <sup>1,2</sup>	266	5 472	23 211	-	65	3 202	32 216	47 012
MIF Smith <sup>3</sup>	-	2 604	8 500	96	45	845	12 090	15 873
	266	8 076	31 711	96	110	4 047	44 306	62 885
<b>Non-executive</b>								
W Theron <sup>4</sup>	1 483	-	-	-	-	-	1 483	1 458
	1 483	-	-	-	-	-	1 483	1 458
	1 750	8 076	31 711	96	110	4 047	45 790	64 343

<sup>1</sup> Director's fee of R0.3 million (2020: R0.3 million) paid to PSG Management Services Proprietary Limited as non-executive director of PSG Group Limited.

<sup>2</sup> Total performance incentive bonus awarded was R24.0 million (2020: R21.2 million). 70% of bonus awarded, being R16.8 million (2020: R14.9 million), is unconditional and was paid in cash in April 2021 and April 2020 respectively. The remaining 30% has been paid to the director, however is conditional on the director remaining in employment and is subject to clawback provisions. The conditional portion of the bonus vests as follows: R3.6 million in April 2022 (2020: R3.2 million in April 2021), being 12 months after award date, while the remaining R3.6 million (2020: R3.2 million; 2019: R3.2 million) is conditional for 24 months until April 2023 (2020: April 2022; 2019: April 2021).

<sup>3</sup> Total performance incentive bonus awarded was R8.5 million (2020: R7.4 million), which was paid in cash in April 2021 and April 2020 respectively, as the director has more than 10 years service in the group (no service conditions attached to release of 30% deferred portion of bonus award).

<sup>4</sup> Director's fee of R0.5 million (2020: R0.4 million) was paid as non-executive director of PSG Konsult Limited subsidiary entities.

The table below discloses the value of each director's LTIs, whether allocated, settled or forfeited, as well as the current value of shares not yet settled.

The following directors' remuneration was accrued by subsidiaries in the PSG Group for the year ended 28 February 2021:

### Equity-based remuneration

#### PSG Konsult Limited share options in terms of the PSG Konsult Group Share Incentive Trust

Audited	Number of share options as at 29 Feb 2020	Number of share options during year	Market price per share on vesting date	Vesting price per share	Date granted	Number of share options as at 28 Feb 2021	Value of options redeemed/exercised during year <sup>1</sup>	Indicative expected value as at 28 Feb 2021 <sup>2,3</sup>
	Granted	Vested					R000	R000
<b>Executive</b>								
FJ Gouws	223 795	-	(223 795)	R 7.90	R 7.27	1/04/2015	-	141
	5 167 789	-	(2 583 895)	R 7.90	R 6.81	1/04/2016	2 583 894	2 816
	2 367 419	-	(789 140)	R 7.90	R 7.59	1/04/2017	1 578 279	245
	3 750 000	-	(937 500)	-	R 8.74	1/04/2018	2 812 500	703
	4 000 000	-	-	-	R 10.15	1/04/2019	4 000 000	(4 640)
	-	4 800 000	-	-	R 7.13	1/04/2020	4 800 000	8 928
	15 509 003	4 800 000	(3 596 830)	(937 500)		15 774 673	3 202	
MIF Smith	177 390	-	(177 390)	R 7.90	R 7.27	1/04/2015	-	112
	1 199 075	-	(599 537)	R 7.90	R 6.81	1/04/2016	599 538	653
	772 581	-	(257 527)	R 7.90	R 7.59	1/04/2017	515 054	80
	1 200 000	-	(300 000)	-	R 8.74	1/04/2018	900 000	225
	1 000 000	-	-	-	R 10.15	1/04/2019	1 000 000	(1 160)
	-	1 200 000	-	-	R 7.13	1/04/2020	1 200 000	2 232
	4 349 046	1 200 000	(1 034 454)	(300 000)		4 214 592	845	

<sup>1</sup> The value of options redeemed/exercised is the number of share options exercised in the 2021 financial year multiplied by growth in share price (market value share price at exercise less option grant price).

<sup>2</sup> This column shows the number of outstanding options at year-end multiplied by the PSG Konsult year-end share price, less the strike price of the instruments.

<sup>3</sup> The negative value represents the amount by which the share price will need to recover before these share options are in-the-money.

The following share option awards were accepted in terms of the PSG Konsult Group Share Incentive Trust between the end of the financial year and the date of this report:

On 28 April 2021 Messrs FJ Gouws and MIF Smith respectively accepted 8 500 000 and 2 100 000 share option awards at a strike price of R9.08 per share. These are exercisable in tranches of 25% each on the 2nd, 3rd, 4th and 5th anniversary of the award date.