COMMISSIONER STREET NO.10 (RF) LIMITED
(Registration number: 2012/114143/06)
AUDITED ANNUAL FINANCIAL STATEMENTS
31 December 2019

Preparer: Gary Nyamugama, CA(SA)
Designation: Product Controller Global Finance, Corporate and Investment Banking, Absa Group Limited

Contents

COMMISSIONER STREET NO.10 (RF) LIMITED
(Registration number: 2012/114143/06)
DIRECTORS' RESPONSIBILITIES AND APPROVAL
As at 31 December 2019

The directors are responsible for overseeing the preparation, integrity and objectivity of the annual financial statements that fairly present the state of the affairs of Commissioner Street No.10 (RF) Limited ("the Company") at the end of the financial year and the financial performance and cash flows for the reporting period, and other information contained in this report.

To enable the directors to meet these responsibilities:

- All directors will endeavour 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 board sets standards and management implements systems of internal control and accounting and information systems aimed at providing reasonable assurance that both on and off statement of financial position assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- The board and management identify all key areas of risk across the Company and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure, controls, systems and discipline are applied and managed within predetermined procedures and constraints;
- The internal audit function outsourced from Absa Group Limited Internal Audit, which operates unimpeded and independently from operational management, appraises, evaluates and, when necessary, recommends improvements to the systems of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business; and

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

The Company consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis. The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act of South Africa and comply in all material respects with International Financial Reporting Standards (IFRS) and all applicable legislation.

The directors have no reason to believe that the Company will not be a going concern in the reporting period ahead, based on forecasts and available cash resources. These financial statements have accordingly been prepared on this basis.

It is the responsibility of the independent auditors to report on the annual financial statements. Their report to the shareholders of the Company is set out on pages 12 to 14 of this report.

The directors' report on pages 15 to 16 and financial statements of the Company which appears on pages 17 to 48 were approved by the board of directors on 03 April 2020 and are signed on its behalf by:

ML De Nysschen
Sandton

JR Burnett
Sandton

COMMISSIONER STREET NO.10 (RF) LIMITED
(Registration number: 2012/114143/06)
COMPANY SECRETARY'S CERTIFICATE
As at 31 December 2019

To the shareholders of Commissioner Street No.10 (RF) Limited,

In accordance with the provisions of section 88(2)(e) of the Companies Act of South Africa, I, in my capacity as a duly authorised representative of the Company Secretary hereby certify that, in respect of the year ended 31 December 2019, the Company has filed with the Commissioner of the Companies and Intellectual Property Commission (CIPC) all returns and notices prescribed by the Act and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

Absa Secretarial Services Proprietary Limited
(Represented by Gerrie van Rooyen)
03 April 2020

Corporate Governance

The Company's corporate governance practices are guided by the Companies Act of South Africa, as amended, relevant sections of the JSE Listings Requirements, the Companies Memorandum of incorporation (MoI), the recommendations of the King Code on Corporate Governance for South Africa, 2016 (King IVTM).

The Board of Absa Group Limited (Group Board) sets the overarching governance principles to be upheld and practiced by all entities (related or inter-related) to assist in embedding good governance practices in the Group. As a consolidated entity, the Absa Group's Group Governance Framework has been adopted by the Board.

King IV is the main governance code for South African companies and as the Company has adopted the application of the Code on a proportionality basis (that is to the extent beneficial to the entity's governance). The Company's application of King IV is set out in the King IV application register, included on page 6 to 10 of these annual financial statements. In addition to the Group's requirements, the Company is also required to apply King IV by the JSE Listings Requirements based on the proportionality principle.

The Board of Directors (the Board) are of the opinion that the Company has applied the principles and recommendations of the Code in all material aspects for the period under review.

The Board is responsible for delivering sustainable value through oversight of the management of the Company's business, challenging and approving strategic plans proposed by management; and monitoring implementation of the strategy and plans in the context of the approved risk appetite, the available opportunities, and the macro and regulatory environment.

Management of the Company

The Board is responsible for delivering sustainable value the shareholder. In this regard the Board oversees the management of the Company's business by challenging and approving the strategy and plans propose by management. The Board has delegated the day-to-day management of the Company to Absa Corporate and Investment Banking (CIB), SPV Management Team whose performance the Board monitors through regular operational and financial reporting.

Board Composition

The Board comprises four directors, one executive and three independent non-executive directors. The independent non-executive directors are representatives of the shareholder, Commissioner Street Owner Trust (the Trust) and appointed through TMF Corporate Services (South Africa) Proprietary Limited.

Professional Advice

The Board and individual directors may procure independent professional advice at the expense of the Company in the discharge of their responsibilities.

Company Secretarial and Governance support

The day-to-day company secretarial and corporate governance support duties are managed by a dedicated, qualified and skilled Company Secretary who represents Absa Secretarial Services Proprietary Limited the duly appointed Company Secretary with support from the Head of Secretarial Services for South Africa and a statutory administration team within Group Secretariat.

The Company Secretary also provides guidance and advice to the Board as a whole and individual director on their duties and responsibilities as directors, which should be discharged in the best interest of the Company.

Audit and Risk Committee

The Board relies on the Audit and Risk Committee (ARC) for input on audit and compliance functions from the submissions made by the Group Internal Audit, Group Risk and Compliance functions of Absa Group Limited.

Notwithstanding the role of the ARC in relation to the audit function , the Board remains at all times responsible for the monitoring the effectiveness of the Company's control environment. The review and approval of the annual financial statements, and engages with representatives of the internal and external audit for assurance of the integrity of the financial and related information.

All audit issues raised during the audit for the financial year-ended 31 December 2019 were submitted to, considered and resolved by the Board.

Internal Audit

The internal audit function is conducted by the Absa Group Limited internal audit.

Remuneration policy

The Company as a ring-fenced special purpose vehicle and all services are outsourced to external service providers and as such has no employees.

Director remuneration:

The independent non-executive directors are not employees of the Company and receive fees for their services as directors. These directors' fees were paid to TMF Corporate Services (South Africa) Proprietary Limited in terms of a service level agreement for services of the non-executive directors. The independent non-executive directors are employed and remunerated by TMF Corporate Services (South Africa) Proprietary Limited on a separate basis.

The executive director of the Company who is an employee of the Absa Group Limited does not receive any fees for his services as a director of the Company.

Risk Management

The Company's risk is governed and managed in terms of the Absa Group Limited Enterprise Risk Management Framework and related policies. The Board and executive management are responsible for the Company's risk governance and management within the overall context of the Group's risk appetite and principal risks.

The Company's Audit and Risk Committee in conjunction with Absa Corporate and Investment Banking (CIB), a division of Absa Group Limited develop appropriate risk processes for managing risks.

The Board believes that risk of the Company is adequately managed.

Compliance

The Company relies on the compliance function of Absa Group Limited.

The Board being ultimately responsible for compliance of the Company engages with management regularly to discuss and develop compliance processes for the Company.

Sustainability reporting and disclosure

The Company is a ring-fenced special purpose vehicle whose sustainability is determined by the length of time of the transaction for which the Company has been incorporated. The Company is consolidated into the financial results of Absa Group Limited. The Board is however responsible in ensuring the accuracy of the financial information which is reported to all the relevant stakeholders.

Managing Stakeholder relationships

The Absa Group has in place a Stakeholder Management Policy, which is applicable to the Company. The Board and management are responsible for proactively engaging with material stakeholders in an inclusive manner that balances their needs, interests and expectations, and to address their concerns in the best way possible.

Information Technology Governance

The Company's Information Technology (IT) is governed in terms of the Absa Group IT governance policy and is reliant on systems and information technology infrastructure housed within the Absa Group. The Group Information Technology Committee assists the Group Board with effective oversight of information and technology governance for the Group

Conflicts of interest

The Board reviews the declarations of other financial interest and other directorships on an ongoing basis and have considered the declarations during the period under review.

Fundamental and affected transactions

There were no fundamental transactions for the period under review.

King Report on Corporate Governance

The King Report on Corporate Governance for South Africa 2016 (“King IV” or the “Code”) is the main governance code applicable to companies in South Africa. The principles and practices of the Code are to be applied to the extent required and beneficial to a Company (the proportionality principle), taking into consideration a number of factors such as the size of turnover, resources, complexity and nature of business.

The Board has satisfied itself that for the year under review the Company has applied the principles of King IV to the extent deemed necessary, or has put alternative measures in place. Further information on the Company’s corporate governance is disclosed under “Corporate Governance Statement” of the Annual Financial Statements (“AFS”).

Application of each principle of King IV is expected to result in certain governance outcomes categorised as “primary” or “secondary” depending on the degree of impact on governance of applying the practices under the principle.

Leadership and Organisational Ethics

Expected Outcomes - (i) Ethical Culture (primary), (ii) Legitimacy (primary), (iii) Effective Control (secondary), (iv) Good Performance (secondary)

Principle 1 - The Board being the governing body should lead ethically and effectively.

Principle 2 - The governing body should govern the ethics of the Company in a way that supports the establishment of an ethical culture.

The Board is committed to the highest standards of corporate governance and in this regard the directors collectively and individually execute their duties and responsibilities in accordance with standards of behaviour required by relevant regulation and legislation, the Company’s Memorandum of Incorporation (MoI) and the Board Charter. The directors are also committed to and adhere to ethical standards of behaviour.

The Board, in conjunction with the Company’s Social and Ethics Committee, is responsible for overseeing ethics and ethical conduct in the Company.

Responsible Corporate Citizenship and Regulatory Compliance

Expected Outcomes - (i) Ethical culture (primary), (ii) Legitimacy (primary), (iii) Good performance (secondary)

Principle 3 - The governing body should ensure that the Company is and is seen to be a responsible corporate citizen.

Principle 13 - The governing body should govern compliance with laws and adopted non-binding rules, codes and standards in a way that supports the Company being ethical and a good corporate citizen.

The Company’s corporate citizenship and regulatory compliance are governed in accordance with its legislative responsibilities as set out by the JSE Listings Requirements (if applicable); and the framework set by the Board of Absa Group Limited (Group Board) (if applicable). The Board in conjunction with the Social and Ethics Committee are responsible to review, develop and align policies to enhance and ensure the Company remains a good corporate citizen.

The Board complies with regulation relevant to its oversight responsibilities and ensures that management also complies with laws applicable to the Company. In formulating the Company’s strategy, the Board has regard to matters relevant to its corporate citizenship status (including the impact of the Company’s operations on the social and economic environments).

King Report on Corporate Governance (continued)

Strategy and Performance

Expected Outcomes - (i) Good performance (primary), (ii) Effective Control (secondary)

Principle 4 - The governing body should appreciate that the Company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board is responsible for creating and delivering sustainable value for the shareholder and benefits to the Company's stakeholders by overseeing the management of the business. The Board (i) approves the Company's strategic objectives, business plans and annual budgets, (ii) and monitors management's implementation of the strategy and plans according to the approved risk appetite, the available opportunities, and the macro and regulatory environment.

Reporting and Assurance

Expected Outcomes - (i) Effective control (primary), (ii) Good performance (primary), iii) Ethical culture (secondary), (iv) Legitimacy (secondary)

Principle 5 - The governing body should ensure that reports issued by the Company enable stakeholders to make informed assessments of the Company's performance and its short, medium and long-term prospects.

Principle 15 - The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the Company's external reports.

The Company's primary report is the annual financial statements in which the Company's business activities and financial performance are reported.

The Board oversees preparation of the annual financial statements and ensures that the state of affairs of the Company and its financial wellbeing are fairly presented through application of appropriate assurance processes supported by an effective control environment. The Audit and Risk Committee (ARC) assists the board in overseeing assurance services and the effectiveness of the control environment in order to ensure the objectivity and integrity of the financial statements. The Board is ultimately responsible for the integrity of the report and approves the financial statements.

Board's Primary Role and Responsibility

Expected Outcomes - (i) Effective control (primary), (ii) Good performance (primary)

Principle 6 - The governing body should serve as the focal point and custodian of corporate governance in the Company.

The Company's Board of Directors (the "Board") is the focal point of the Company's corporate governance. The Company's customized Memorandum of Incorporation (MoI), King IV, Companies Act of South Africa (as amended) ("the Companies Act") determine the governance of the Company. The Board is the focal point and custodian of the Company's corporate governance and its role, responsibilities and procedural conduct are documented in the Company's MoI and the Companies Act.

Board Composition

King Report on Corporate Governance (continued)

Expected Outcomes - Good performance (primary)

Principle 7 - The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Directors are appointed with due regard to relevant legislation, the constitution of the Company and the skills and expertise, industry knowledge, gender and race diversity required to enable the board function effectively.

Newly appointed directors only serve until the first Annual General Meeting after their appointment unless they are elected by the shareholder. Each director serves a maximum of three terms of three years' each, and will only continue beyond 9 years on approval of the Shareholder, and subject to their performance and behaviour meeting the Board's standards.

The current membership of the Board is included in the directors' report.

Delegation to Management and Committees

Expected Outcomes - (i) Effective control (primary), (ii) Good performance (primary)

Principle 8 - The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

Principle 10 - The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

The Shareholder delegate authority to the Board through the Company's MoI and shareholder resolutions passed at the shareholder's meetings.

The Board determines the levels of authority of management and the ARC and the matters reserved for the Board's own authority. The role and functions of the ARC is governed by terms of reference approved by and regularly reviewed by the Board. The Board remains ultimately responsible for delegated responsibilities, and in this regard, the Board receives regular reports on material matters discussed and decisions taken at the ARC meetings through the chairman. The Board remains ultimately responsibility for any delegated approvals made by committees on its behalf.

Board and committee performance evaluations

Expected Outcomes - Good performance (primary)

Principle 9 - The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

King Report on Corporate Governance (continued)

The effectiveness of the Board and performance of individual directors and the Chairman are assessed biannually (previously annually), against set criteria. Matters arising, including areas requiring improvement, and remedial plans are presented to the Board. Remediation is coordinated by the Company Secretary and monitored by the Board until the next evaluation.

The Chairman engages with individual directors on the outcomes of the peer reviews to address the areas for development or those of concern. The Board effectiveness and performance evaluations will be conducted during 2021. The ARC effectiveness and performance evaluation will be conducted during 2020.

Risk Governance

Expected Outcomes - (i) Effective control (primary), (ii) Good performance (primary)

Principle 11 - The governing body should govern risk in a way that supports the Company in setting and achieving its strategic objectives.

The Board oversees the Company's risk management within the framework of the Group's enterprise risk management framework (incorporating the principal and key risks). Risk levels appropriate for the Company's business are determined by management and approved by the Board. The ARC assists the Board in executing its oversight role over risk management.

Executive management of the Company is responsible for embedding risk in the Company and does this through various programmes, including by ensuring that employees receive the necessary training to be able to identify, mitigate, manage and, when necessary escalate actual or potential risks within their work environment.

Technology and information Governance

Expected Outcomes - (i) Effective control (primary)

Principle 12 - The governing body should govern technology and information in a way that supports the Company setting and achieving its strategic objectives.

The Group Information Technology Committee of Absa Group Limited has overall oversight responsibility for information and technology governance in the Group and the systems employed by the Company.

The Board acting through the Manager of the Company is responsible for the following oversight duties over the management of IT in general, including monitoring the following, as set out in the Group Governance Framework:

• The resilience of the technology systems, infrastructure and applications in supporting customers and employees.

• The robustness and resilience of processes to identify and exploit technology and information opportunities to improve the entity's performance and sustainability.

• Planning, testing and user acceptance in relation to new systems and applications.

King Report on Corporate Governance (continued)

• The use of information (and data) to sustain and enhance the entity's intellectual capital and strategic advantage.

• The continual monitoring of security of information, including personal information of customers, employees and other stakeholders.

Executive management is responsible for the day-to-day management of IT.

Remuneration Governance

Expected Outcomes - (i) Ethical culture (primary), (ii) Good performance (primary), (iii) Legitimacy (primary), (iv) Effective control (secondary)

Principle 14 - The governing body should ensure that the Company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Company pays a corporate service fee to TMF for the provision of non-executive directors. The independent non-executive directors of the Company are remunerated separately by TMF. The Absa appointed director who is an employee of Absa Group Limited is remunerated as an employee and not separately for his role as a director of the Company.

Shareholder Relationships

Expected Outcomes - (i) Legitimacy (primary), (iv) Good performance (secondary)

Principle 16 - In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the Company over time.

The Company's stakeholders are integral to the success of the business. The Board proactively engages with material stakeholders in an inclusive manner that balances their needs, interests and expectations, and to address their concerns in the best way possible.

This allows the Company to manage issues effectively and timeously and reduces the likelihood of reputational risks. The Board understands that communication with stakeholders in respect of financial and non-financial information is vital and open interaction is actively pursued.

Members of the Audit Committee and independent non-executive directors

	Appointment date
R Thanthony	27 February 2015
ML De Nysschen	01 December 2018
JN Wheeler	01 December 2018

Meetings held by the Audit Committee

The audit committee performed the duties laid upon it by Section 94(7) of the Companies Act of South Africa, as amended by holding meetings with the key role players and by the unrestricted access granted to the external auditors. The committee held meetings on 23 April 2019, 26 April 2019 and 30 October 2019 during which it fulfilled its responsibilities in terms the audit committee charter, in order to be able to recommend approval of the Company's financial statements to the Board.

Expertise and experience of finance function

Absa Secretarial Services Proprietary Limited, as Company Secretary provides ongoing Company Secretarial administration to Commissioner Street No. 10 (RF) Limited. Absa Group Limited, acting through its Corporate and Investment Banking Division ("CIB") is the administrator of the Issuer. The committee satisfied itself that the composition, experience and skills set of the finance function met the Company's requirements.

Independence of external auditors

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act of South Africa, as amended and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided in terms of the Companies Act of South Africa, as amended that internal governance processes within the firm support and demonstrate the claim to independence. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

(i) **Discharge of responsibilities and Audited Annual Financial Statements**

(ii) Following the review by the committee of the audited annual financial statements of the Company for the year ended 31 December 2019 and based on the information provided to it, the committee considers that, in all material respects, the Company complies with the provisions of he Companies Act of South Africa, as amended, International Financial Reporting Standards, and that the accounting policies applied are appropriate. Following the review of the audited annual financial statements, the committee recommended the Company's 2018 audited annual financial statements for approval to the Board on 26 March 2020. The committee further concurred with the Board and management that the adoption of the going-concern status in preparation of the annual audited financial statements is appropriate.

On behalf of the audit committee:

R Thanthony

Chairperson: Audit Committee

03 April 2020

EY
102 Rivonia Road
Sandton
Private Bag X14
Sandton
2146

Ernst & Young Incorporated
Co. Reg. No. 2005/002308/21
Tel: +27 (0) 11 772 3000
Fax: +27 (0) 11 772 4000
Docex 123 Randburg
ey.com

Independent Auditor's Report to the Shareholders of Commissioner Street No.10 (RF) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Commissioner Street No.10 (RF) Limited, set out on pages 17 to 48, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2019, 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 (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the company and 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 of the company and 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 (IESBA code) 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 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 communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 48-page document titled "Commissioner Street No.10 (RF) Limited Audited Financial Statements for the year ended 31 December 2019" which includes the Directors' Report, the Audit Committee's Report, and the Company

Secretary's Certificate as required by the Companies Act of South Africa as well as the Corporate Governance statement. The other information does not include the financial statements and our auditor's reports thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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, 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 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 Ernst & Young Inc. has been the auditor of Commissioner Street No.10 (RF) Limited for 2 years.

ERNST & YOUNG INC.

____

Ernst & Young Inc.
Partner – Janneman Labuschagne
Registered Auditor
Chartered Accountant (SA)
3 April 2020

Company registration number	2012/114143/06	
Country of incorporation and domicile	South Africa	
Date of publication	03 April 2020	
Nature of business and principal activities	The activities of Commissioner Street No. 10 (RF) Limited (the Company) are restricted by the Issuer Transaction Documents and will be limited to the issue of Notes, the purchase of the Loan Agreements, the exercise of related rights and powers and other activities referred to in the Issuer Transaction Documents or reasonably incidental to such activities.	
Directors	**Name**	**Appointment date**
	Independent non-executive directors	
	R Thanthony	01 October 2012
	JN Wheeler	01 December 2018
	OA Ferreira (Alternate)	31 January 2017
	ML De Nysschen	01 August 2018
	Executive director	
	JR Burnett	01 January 2017
Registered office	7th Floor Absa Towers West 15 Troye Street Johannesburg 2000	
Business address	7th Floor Absa Towers West 15 Troye Street Johannesburg 2000	
Postal address	PO Box 7735 Johannesburg Gauteng 2000	
Holding company	Commissioner Street Owner Trust (Trust)	
Ultimate holding company	Commissioner Street Owner Trust (Trust) - Absa Group Limited holds 100% of the debt securities in issue and hence has control of the Company in accordance with IFRS 10. The Company is consolidated into Absa Group Limited.	
Auditors	Ernst & Young Inc. 102 Rivonia Road Sandton 2196	

Supervised by	These annual financial statements are prepared under the direction and supervision of the Head of Asset Classes Product Control,Corporate and Investment Banking, Absa Group Limited, Jan Luus, CA(SA).
Company secretary	Absa Secretarial Services Proprietary Limited (Represented by Gerrie van Rooyen)
Review of financial results	The financial results of the Company are set out in the attached financial statements. The results do not, in the opinion of the directors, require further explanation.

Key performance indicators	**2019** **R**	2018 R
Profit/(loss) for the year	**1 213 809**	(1 140 189)
Total comprehensive income/(loss)	**1 213 809**	(1 140 189)
Taxation	**(444 591)**	182 827
Dividends declared and paid	**-**	-
Net liabilities	**(89 294)**	(1 303 103)
Net current liabilities	**(263 652)**	(771 291)

Authorised and issued share capital	There were no changes to the authorised or issued share capital for the year under review. The share capital is disclosed in note 13.
Events after the reporting date	Events material to the understanding of these annual financial statements that occurred between the financial year end and the date of this report have been disclosed in note 25.
Going concern	The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.
Special resolution	No special resolutions were passed during the year.

COMMISSIONER STREET NO.10 (RF) LIMITED
(Registration number: 2012/114143/06)
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Notes	2019 R	2018 R
Investment income	4	**92 077 003**	120 475 048
Other expenses	6	**(1 074 976)**	(1 019 026)
Finance costs	5	**(90 192 277)**	(120 126 083)
Expected credit loss	6	**848 650**	(652 955)
Profit/(loss) before tax		**1 658 400**	(1 323 016)
Income tax	7	**(444 591)**	182 827
Profit/(loss) for the year		**1 213 809**	(1 140 189)
Total comprehensive income/(loss) for the year, net of tax		**1 213 809**	(1 140 189)

COMMISSIONER STREET NO.10 (RF) LIMITED
(Registration number: 2012/114143/06)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	2019 R	2018 R
Assets			
Non-current assets			
Loans and advances	9	**700 000 000**	899 115 613
Deferred tax assets	11	**174 358**	352 575
Total non-current assets		**700 174 358**	899 468 188
Current assets			
Loans and advances	9	**208 650 836**	209 169 233
Current tax assets		**291 405**	-
Cash and cash equivalents	16	**775 800**	870 386
Total current assets		**209 718 041**	210 039 619
Total assets		**909 892 399**	1 109 507 807
Equity and liabilities			
Equity			
Capital and reserves			
Share capital	13	**100**	100
Accumulated loss		**(89 394)**	(1 303 203)
Total equity		**(89 294)**	(1 303 103)
Liabilities			
Non-current liabilities			
Debt securities in issue	10	**700 000 000**	900 000 000
Total non-current liabilities		**700 000 000**	900 000 000
Current liabilities			
Trade and other payables	12	**354 897**	366 878
Debt securities in issue	10	**208 679 041**	209 485 153
Related party payables	22	**947 755**	958 879
Total current liabilities		**209 981 693**	210 810 910
Total liabilities		**909 981 693**	1 110 810 910
Total equity and liabilities		**909 892 399**	1 109 507 807

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Share capital R	Accumulated loss R	Total equity R
Balance at 1 January 2018	100	273 480	273 580
Decrease resulting from changes in accounting policies	-	(436 494)	(436 494)
Total comprehensive loss for the year	-	(1 140 189)	(1 140 189)
Balance at 31 December 2018	100	(1 303 203)	(1 303 103)
Note	13		
Balance at 1 January 2019	**100**	**(1 303 203)**	**(1 303 103)**
Total comprehensive income for the year	**-**	**1 213 809**	**1 213 809**
Balance at 31 December 2019	**100**	**(89 394)**	**(89 294)**
Note	13		

STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

	Notes	2019 R	2018 R
Cash flows from operating activities			
Cash used in operations	14	**(1 098 081)**	(475 844)
Investment income	18	**92 557 499**	132 246 404
Finance costs paid	17	**(90 998 389)**	(131 508 885)
Interest received	18	**-**	(2 116)
Income taxes paid	15	**(557 779)**	(76 065)
Net cash (used in)/generated by operating activities		**(96 750)**	183 494
Cash flows from investing activities			
Loans and advance settled		**(200 000 000)**	(700 000 000)
Net cash used in investing activities		**(200 000 000)**	(700 000 000)
Cash flows from financing activities			
Debt securities in issue settled		**200 000 000**	700 000 000
Net cash generated by financing activities		**200 000 000**	700 000 000
Net (decrease)/increase in cash and cash equivalents		**(96 750)**	183 494
Cash and cash equivalents at the beginning of the year		**875 166**	691 672
Cash and cash equivalents at the end of the year	16	**778 416**	875 166

1. STATEMENT OF COMPLIANCE

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRS-IC) and the requirements of the Companies Act of South Africa, as amended.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

During the current year, the Company has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRS-IC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2019. For details of the new and revised accounting policies refer to note 26.

2.2 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The financial statements are presented in South African Rands (R), the presentation currency of the Company.

2.3 REVENUE RECOGNITION

INVESTMENT INCOME

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to that instrument's net carrying amount on initial recognition.

The Company also presents as part of investment income, albeit separate from effective interest income and effective interest expense, other interest income and other interest charges, which are not calculated on the effective interest method.

2.4 TAXATION

Income tax expense represents the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 TAXATION (continued)

CURRENT TAXATION

Income tax payable on taxable profits ("current taxation") is recognised as an expense in the reporting period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior reporting period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

DEFERRED TAXATION

Deferred tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the reporting date, which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

CURRENT AND DEFERRED TAX

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.5 FINANCIAL INSTRUMENTS

2.5.1 INITIAL RECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are capitalised to the initial carrying amount of the financial asset/liability, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Company recognises financial assets and liabilities when it becomes a party to the terms of the contract, which is the trade date or the settlement date.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS (continued)

2.5.1 INITIAL RECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

For valuations that have made use of significant unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either on a straight-line basis over the term of the transaction, or over the reporting period until all model inputs will become observable where appropriate, or released in full when previously unobservable inputs become observable.

2.5.2 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

On initial recognition, the Company classifies its financial assets into the following measurement categories:
- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss.

The classification and subsequent measurement of financial assets depends on:
- The business model within which the financial assets are managed; and
- The contractual cash flow characteristics of the asset (that is, whether the cash flows represent solely payments of principal and interest).

Business model assessment:

The business model reflects how the Company manages the financial assets in order to generate cash flows and returns. The Company makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The factors considered in determining the business model include:

i. how the financial assets' performance is evaluated and reported to management;
ii. how the risks within the portfolio are assessed and managed; and
iii. the frequency, volume, timing for past sales, sales expectations in future periods, and the reasons for such sales.

The Company reclassifies debt instruments when, and only when, the business model for managing those assets changes. Such changes are highly unlikely and therefore expected to be very infrequent.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS (continued)

2.5.2 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI):

In making the assessment of whether the contractual cash flows have SPPI characteristics, the Company considers whether the cash flows are consistent with a basic lending arrangement. That is, the contractual cash flows recovered must represent solely the payment of principal and interest. Principal is the fair value of the financial asset on initial recognition. Interest typically includes only consideration for the time value of money and credit risk but may also include consideration for other basic lending risks and costs, such as liquidity risk and administrative costs, together with a profit margin.

Where the contractual terms include exposure to risk or volatility that is inconsistent with a basic lending arrangement, the cash flows would not be considered to be SPPI and the assets would be mandatorily measured at fair value through profit or loss, as described below. In making the assessment, the Company considers, inter alia, contingent events that would change the amount and timing of cash flows, prepayment and extension terms, leverage features, terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements), and features that modify consideration of the time value of money (e.g. tenor mismatch). Contractual cash flows are assessed against the SPPI test in the currency in which the financial asset is denominated.

Debt Instruments:

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds. The Company classifies its debt instruments as follows:

- Amortised cost - Financial assets are classified within this measurement category if they are held within a portfolio whose primary objective is the collection of contractual cash flows, where the contractual cash flows on the instrument are SPPI, and that are not designated at fair value through profit or loss. These financial assets are subsequently measured at amortised cost where interest is recognised as effective interest within Interest and similar income using the effective interest rate method. The carrying amount is adjusted by the cumulative expected credit losses recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS (continued)

2.5.2 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Financial Liabilities

Financial liabilities that are held at amortised cost are measured in accordance with the effective interest rate method. That is, the initial fair value (which is normally the amount borrowed) is adjusted for premiums, discounts, repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the liability.

Financial liabilities classified as held for trading are subsequently measured at fair value through profit or loss, with changes in fair value being recognised in profit or loss.

A financial liability may be designated at fair value through profit or loss if (i) measuring the instrument at fair value eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or (ii) if the instrument belongs to a group of financial assets or financial liabilities that are managed on a fair value basis, in accordance with a documented risk management or investment strategy. Own credit gains or losses arising from the valuation of financial liabilities designated at fair value through profit or loss are recognised in other comprehensive income and are not subsequently recognised in profit or loss.

2.5.3 EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS

The Company uses a mixed approach to impairment where parameters are modelled at an individual financial instrument level or on a portfolio basis when they are only evident at this higher level. A collective approach will only be carried out when financial instruments share similar risk characteristics, which could include factors such as instrument type, collateral type, industry, geography and credit risk ratings.

The Company recognises expected credit losses based on unbiased forward-looking information. Expected credit losses are recognised on:

- financial assets at amortised cost

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS (continued)

2.5.3 EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS (continued)

Impairment is recognised based on a three-stage approach:

Stage 1: Exposures where there has not been a significant increase in credit risk since origination. For these exposures an expected credit loss is recognised based on the credit losses expected to result from default events that are possible within 12 months of the reporting date. Interest income is calculated based on the gross carrying value of these instruments.

Stage 2: Exposures for which the credit risk has increased significantly since initial recognition. For these exposures lifetime expected credit losses should be recognised (i.e. credit losses from default events that are possible over the life of the instrument). The Company will assess whether a significant increase in credit risk has occurred based on (i) qualitative drivers including being marked as high risk or reflected on management's watch list; and (ii) quantitative drivers such as the change in the asset's cumulative weighted average lifetime probability of default (PD). Any exposure that is more than 30 days past due will also be included in this stage. Interest income is calculated based on the gross carrying value of these instruments.

Stage 3: Exposures which are credit impaired. For these exposures, expected credit losses are based on lifetime losses. Assets are considered to be credit impaired when they meet the regulatory definition of default which includes unlikeliness to pay indicators as well as any assets that are more than 90 days past due. Interest income is calculated based on the carrying value net of the loss allowance.

Lifetime expected credit losses will no longer be recognised when there is evidence that the criteria are no longer met. This could include a history of timely payment performance. The low credit risk exemption in IFRS 9 has not been adopted by the Company.

The measurement of expected credit losses must reflect:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money (represented by the effective interest rate); and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses comprise the unbiased probability weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. Expected credit losses are calculated (for both 12 months and lifetime losses) as a function of the exposure at default (EAD); PD and loss given default (LGD). These terms are interpreted as follows per the requirements of IFRS 9:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS (continued)

2.5.3 EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS (continued)

- EAD is the estimated amount at risk in the event of a default (before any recoveries) including behavioural expectation of limit usage by customers in the various stages of credit risk.
- PD is the probability of default at a particular point in time, which may be calculated, based on the defaults that are possible to occur within the next 12 months; or over the remaining life; depending on the stage allocation of the exposure.
- LGD is the difference between the contractual cash flows due and the cash flows expected to be received, discounted to the reporting date at the effective interest rate. The expectation of cash flows take into account cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The estimate reflects the amount and timing of cash flows expected from the enforcement of collateral less the costs of obtaining and selling the collateral. The collection of any cash flows expected beyond the contractual maturity of the contract is also included.

Lifetime of financial instruments
For exposures in stage 2 and stage 3, the maximum lifetime over which expected credit losses should be measured, is the maximum contractual period over which the Company is exposed to credit risk. The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument. In rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the Company uses the remaining contractual term of the financial instrument.

Certain credit exposures include both a drawn and an undrawn component and the Company's contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to the contractual notice period. In this case, expected credit losses are measured over the period that the Company is exposed to credit risk, even if that period extends beyond the maximum contractual period. This applies to overdrafts, credit cards and other revolving products.

These contracts are cancellable at very short notice and they have no fixed term but credit may continue to be extended for a longer period and may only be withdrawn after the credit risk of the borrower increases, which could be too late to prevent losses. For these types of products the expected life is based on the behavioural life, i.e. the period over which there is exposure to credit risk which is not expected to be mitigated by credit actions (e.g. limit decreases) even though the contract permits immediate limit decrease.

Forward looking information
Forward-looking information is factored into the measurement of expected losses through the use of multiple expected macro-economic scenarios that are either reflected in estimates of PD and LGD for material portfolios; or adjusted through expert credit judgement where the effects could not be statistically modelled.

Write -off
Loans and debt securities are written off when there is no realistic prospect of recovery.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS (continued)

2.5.4 DERECOGNITION OF FINANCIAL INSTRUMENTS

Derecognition of financial assets

Full derecognition only occurs when the rights to receive cash flows from the asset have been discharged, cancelled or have expired, or the Company transfers both its contractual right to receive cash flows from the financial assets (or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment) and substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk. When an asset is transferred, in some circumstances, the Company may retain an interest in it (continuing involvement) requiring the Company to repurchase it in certain circumstances for other than its fair value on that date.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

On derecognition of a financial instrument, any difference between the carrying amount thereof and the consideration received is recognised in profit or loss.

2.5.5 EQUITY INSTRUMENTS

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

ORDINARY SHARE CAPITAL

Proceeds are included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when declared by the board.

2.5.6 *OFFSETTING*

In accordance with IAS 32 Financial Instruments: Presentation, the Company reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a current legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.6 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 SEGMENTAL REPORTING

Commissioner Street No.10 (RF) Limited issues various debt security notes which enables investors to invest in various debt instruments. The information regarding the results of the reportable segment is disclosed in the annual financial statements as currently set out. Management views the entire entity as one segment, thus no further disclosures are required in accordance with IFRS 8 Operating segments.

3. JUDGEMENTS AND ESTIMATES

In the preparation of the annual financial statements, management is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs.

Fair Value of financial instruments

Valuation techniques used to calculate fair values include comparisons with similar financial instruments for which market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Valuation techniques incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, exchange rates, volatilities, and prepayment and default rates. When valuing instruments by reference to comparable instruments, management takes into account the maturity, structure and rating of the instrument with which the position held is being compared.

The main assumptions and estimates which management considers when applying a model with valuation techniques are:

• The likelihood and expected timing of future cash flows on the instruments. These cash flows are usually governed by terms of the instrument, although management judgement may be required when the ability of the counterparty to services the instrument in accordance with the contractual terms in doubt. Future cash flows may be sensitive to change in market rates.

3. JUDGEMENTS AND ESTIMATES (continued)

• Selecting an appropriate discount rate for the instrument. Management bases the determination of this rate on its assessment of what a market participant would regard as the appropriate spread of the rates for the instrument over the appropriate risk-free rate.

• Judgement to determine what model to use to calculate fair value in areas where the choice of valuation model particularly subjective, for example, when valuing complex derivative products.

When applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair value resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm’s length transaction would occur under normal business condition. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments will be based on some market observable inputs even where the unobservable inputs are significant.

Expected Credit losses

Expected Credit Loss estimate was made considering all reasonable and supportable information, including our best estimate of the impact of multiple forward-looking economic scenarios. The Expected Credit Loss estimate is an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. Models, processes and assumptions applied in making the Expected Credit Loss estimate, including management adjustments, costs of collection of outstanding loan exposures, collateral valuation, assessment of significant increase in credit risk and credit impaired exposures, write-off points and the definition of default have been applied consistently and are appropriate in the context of IFRS.

Default assets that are classified as in default are characterised by the distinct possibility that the borrower will default, and should the collateral pledged be insufficient to cover the asset, the Company will sustain some loss when default occurs.

Deferred tax

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Management’s judgement surrounding the probability and sufficiency of future taxable profits, future reversals of existing taxable differences and ongoing developments will determine the recognition of deferred tax. The most significant management assumption in determining the deferred tax asset to be recognised is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the Company in order to utilise the deferred tax assets in the medium term.

	2019 R	2018 R

4. INVESTMENT INCOME

	2019 R	2018 R
Interest income		
Interest income - loans and advances	**92 077 003**	120 475 048
	92 077 003	120 475 048

	2019 R	2018 R

5. FINANCE COSTS

Interest expense		
Interest on debt securities issued	**(90 192 277)**	(120 126 083)
	(90 192 277)	(120 126 083)

6. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year is stated after taking account of the following items:

6.1 Expected credit losses

Financial assets

Impairment loss recognised on cash and cash equivalents		
Stage1	**(2 164)**	4 780
	(2 164)	4 780
Impairment loss/(profit) recognised on loans and advances		
Stage1	**(846 486)**	648 175
	(846 486)	648 175
Total expected credit loss on financial assets	**(848 650)**	652 955

Impairment profit realised was from the reversal of provisions accrued on the Telkom loan as a result of the part settlement of the loan as well as the favourable impact of the update of the macro-economic assumptions used in the credit models. Both the baseline and downturn updated assumptions are favorable compared to the assumptions used in 2018, specifically in the short term.

6.2 Auditors remuneration

Audit fees	**226 057**	150 000
	226 057	150 000

6.3 Directors remuneration

Directors fees	**113 416**	146 344
	113 416	146 344

6.4 Other

Other professional services	**27 892**	12 483
Administration fees and expenses	**252 887**	356 297
Strate fees	**13 966**	16 050
JSE fees	**25 600**	24 150
Credit rating agency fees	**368 029**	276 115
Bank charges	**18 469**	26 376
Custody fees	**-**	11 211
Tax penalty and interest	**28 660**	-
	735 503	722 682

6. PROFIT/(LOSS) FOR THE YEAR (continued)

A penalty was levied by the authorities for the late submission of the first provisional tax returns. The penalty accrued interest to the date of settlement.

7 INCOME TAXES

7.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

	2019 R	2018 R
Current tax		
Normal tax - current year	**106 543**	-
Normal tax - prior year adjustments	**159 831**	-
	266 374	-
Deferred tax		
Deferred tax recognised in the current year	**178 217**	(182 827)
	178 217	(182 827)
Total income tax recognised in the current year	**444 591**	(182 827)
Reconciliation between operating profit and tax expense		
Profit/(loss) before tax for the year	**1 658 401**	(1 323 016)
Income tax expense calculated at 28% (2018: 28%)	**(464 352)**	370 444
Effect of expenses that are not deductible in determining taxable profit	**(8 025)**	-
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	**187 617**	-
Deferred tax asset not raised due to future probability of realisation being uncertain	**-**	(187 617)
Adjustment in respect of expected credit loss for current and prior year	**(159 831)**	-
Income tax expense recognised in profit or loss	**(444 591)**	182 827

As at 31 December 2019 the Company has an estimated taxable profit amounting to R821 364 (2018: (R670 061)).

No deferred tax asset had been recognised in the prior year for the estimated assessed losses available, as it was not expected that there would be future taxable profits against which the loss would be utilised. During the current year previously unrecognised tax losses have been reassessed and have been recognised against taxable profits to arrive at the current tax expense.

Expenses that are not deductible in determining taxable profit relate the interest and penalties incurred on the late payment of provisional taxes.

8. CREDIT RISK RECONCILIATION - EXPECTED CREDIT LOSS ALLOWANCE

	Balances at the beginning of the reporting period R	Current period provision R	Total R
2019			
Cash and cash equivalent			
Stage 1	**4 780**	**(2 164)**	**2 616**
Total expected credit losses	**4 780**	**(2 164)**	**2 616**
Loans and Advances			
Stage 1	**1 254 417**	**(846 486)**	**407 931**
Total expected credit losses	**1 254 417**	**(846 486)**	**407 931**
2018			
Cash and cash equivalent			
Stage 1	-	4 780	4 780
Total expected credit losses	-	4 780	4 780
Loans and Advances			
Stage 1	606 242	648 175	1 254 417
Total expected credit losses	606 242	648 175	1 254 417

During the reporting period the macro-economic assumptions used in the credit model were updated. Both the baseline and downturn updated scenarios are favorable compared to the scenarios used in 2018, specifically in the short term. All scenarios become punitive as they age, and in the downturn scenario all favorability to previous scenarios will be reversed in Q4 2020. The shift in the downturn macro scenario especially had a positive effect on overall short-term risk in the Company where all of the exposures are assessed for ECL on maturity of 12 months or less.

9. LOANS AND ADVANCES

	2019 R	2018 R
Loans and advances	**909 058 767**	1 109 539 263
Expected credit losses	**(407 931)**	(1 254 417)
Total carrying amount of loans and advances	**908 650 836**	1 108 284 846
Maturity of loans and advances		
Current	**208 650 836**	209 169 233
Non-current	**700 000 000**	899 115 613
	908 650 836	1 108 284 846

Loans and advances consists of loans with the face values and related interest at floating rates referencing 3 month Jibar. The average interest rate for the loans during the current reporting was 8.92% (2018: 8.76%).All interest income was earned from Loans and Advances.

	2019 R	2018 R

10. DEBT SECURITIES IN ISSUE

Non-current liabilities

	2019 R	2018 R
Debt Securities in issue	**700 000 000**	900 000 000
	700 000 000	900 000 000

Current liabilities

	2019 R	2018 R
Debt Securities in issue	**208 679 041**	209 485 153
	208 679 041	209 485 153

All Interest expense was incurred on Debt Securities in issue.

Terms and conditions of outstanding balances were as follows:

Details	**Interest rate**	**Maturity**	**2019 R**	**2018 R**
CS002 zaAA	8.75%	11/12/2020	**200 000 000**	400 000 000
CS003 zaAA	8.76%	10/08/2021	**700 000 000**	700 000 000
			900 000 000	1 100 000 000

	2019 R	**2018 R**
Non-current	**700 000 000**	900 000 000
Current	**200 000 000**	200 000 000
	900 000 000	1 100 000 000

Summary of terms

CS002 makes a quarterly capital repayment of R 50 million.

The Company issued various notes which are listed on the Johannesburg Stock Exchange (JSE) to investors. The notes constitute direct, secured, limited recourse obligations of the Company. The notes were rated by Global Credit Rating Agency and they are a financial liability to pay cash and are accounted for at amortised cost.

In terms of the Security SPV guarantee, Commissioner Street Security SPV holds and can realise security for the benefits of the noteholders in the event of a default. In brief, the security consists of the Company's rights, title and interests in and to the bank accounts and permitted investments, the collateral and all other benefits and rights flowing from the aforementioned rights and interests. The default event that activates the guarantee is the Company defaulting on their notes and not the underlying borrowers defaulting on their loans.

	2019 R	2018 R

11. DEFERRED TAX

Deferred tax balances

The net deferred tax asset at the end of the year is as follows:

	2019 R	2018 R
Deferred tax assets	**174 358**	352 575

Deferred tax assets and liabilities are attributable to the following:

	Balance at 1 January R	Recognised in profit or loss R	Recognised directly in equity R	Balance at 31 December R
2019				
Expected Credit Losses	**352 575**	**(178 217)**	**-**	**174 358**
	352 575	**(178 217)**	**-**	**174 358**
2018				
Expected Credit Losses	-	182 827	169 748	352 575
-	-	182 827	169 748	352 575

12. TRADE AND OTHER PAYABLES

	2019 R	2018 R
Directors fees	**11 147**	44 655
Administration fees and expenses	**209 463**	172 223
Audit fees	**134 287**	150 000
	354 897	366 878

	2019 R	2018 R

13. SHARE CAPITAL

Authorised share capital

1 000 (2018: 1 000) ordinary shares of R1 per share.	**1 000**	1 000

All issued share capital is fully paid up.

The unissued shares are under the control of the directors who may issue these shares at their discretion. There has been no movement in the issued shares in the year under review.

Issued share capital

100 (2018: 100) ordinary shares of R1 per share.	**100**	100
	100	100

Unissued shares

The unissued shares are under the control of the directors as at the reporting date, in terms of a general authority to allot and issue them on such terms and conditions and at such times as they deem fit. This authority expires at the forthcoming annual general meeting of the Company.

Shares issued during the current reporting period

There were no shares issued during the current reporting period.

Shares issued during the prior reporting period

There were no shares issued during the prior reporting period.

14. CASH USED IN OPERATIONS

	2019 R	2018 R
Profit/(loss) before tax for the year	**1 658 401**	(1 323 016)
Adjustments for:		
Finance costs	**90 192 277**	120 126 083
Investment income	**(92 077 003)**	(120 475 048)
Expected credit losses (see note 6)	**(848 650)**	652 955
Cash used in operations before working capital changes	**(1 074 975)**	(1 019 026)
Changes in working capital		
(Decrease)/increase in trade and other payables	**(11 981)**	276 054
(Decrease)/increase in amounts owing to related parties	**(11 125)**	267 128
Total changes in working capital	**(23 106)**	543 182
Cash used in operations	**(1 098 081)**	(475 844)

		2019 R	2018 R
15.	**TAXATION PAID**		
	Tax payable at the beginning of the year	**-**	(76 065)
	Current tax expense	**(266 374)**	-
	Tax receivable at the end of the year	**(291 405)**	-
		(557 779)	(76 065)
16.	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	**778 416**	875 166
	Gross Cash and cash equivalents	**778 416**	875 166
	Expected credit losses	**(2 616)**	(4 780)
	Carrying amount	**775 800**	870 386
17.	**FINANCE COSTS PAID**		
	Accrued interest not paid at the beginning of the year	**(9 485 153)**	(20 870 071)
	Interest accrued on debt securities in issue	**(90 192 277)**	(120 123 967)
	Accrued interest not paid at the end of the year	**8 679 041**	9 485 153
		(90 998 389)	(131 508 885)
18.	**INTEREST RECEIVED**		
	Accrued interest at the beginning of the year	**9 539 263**	20 940 589
	Interest accrued on loans and advances	**92 077 003**	120 475 048
	Accrued interest at the end of the year	**(9 058 767)**	(9 169 233)
	Other finance income received	**-**	(2 116)
		92 557 499	132 244 288

19. FINANCIAL INSTRUMENTS

19.1 CATEGORIES OF FINANCIAL INSTRUMENTS

	Amortised cost - debt instruments R	Amortised cost financial liabilities R	Total assets and liabilities R
Assets as per Statement of Financial Position - 2019			
Loans and advances	**909 058 767**	**-**	**909 058 767**
Cash and cash equivalents	**778 416**	**-**	**778 416**
Total	**909 837 183**	**-**	**909 837 183**
Liabilities as per Statement of Financial Position - 2019			
Debt securities in issue	**-**	**908 679 041**	**908 679 041**
Related party payables	**-**	**947 754**	**947 754**
Trade and other payables	**-**	**354 897**	**354 897**
Total	**-**	**909 981 692**	**909 981 692**
Assets as per Statement of Financial Position - 2018			
Loans and advances	1 108 284 846	-	1 108 284 846
Cash and cash equivalents	870 386	-	870 386
Total	1 109 155 232	-	1 109 155 232
Liabilities as per Statement of Financial Position - 2018			
Debt securities in issue	-	1 109 485 153	1 109 485 153
Related party payables	-	958 879	958 879
Trade and other payables	-	366 878	366 878
Total	-	1 110 810 910	1 110 810 910

20. RISK MANAGEMENT

20.1 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are 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. There are no externally imposed capital requirements on the Company.

Capital consists of Share capital as set out in note 13.

20. RISK MANAGEMENT (continued)

20.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's financial instruments consist mainly of Loans and advances, Cash and cash equivalents, Trade and other payables, Related party payables and Debt securities in issue. Exposure to interest, credit and liquidity risks arise in the normal course of business.

The Company’s business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Company’s risk management are to identify all key risks for the Company, measure these risks, manage the risk positions and determine capital allocations. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Company’s aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company’s financial performance. The Company defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The risks arising from financial instruments to which the Company is exposed are financial risks, which include credit risk, liquidity risk, and interest rate risk.

20.3 MARKET RISK

Market risk is the risk that the Company's earnings or capital, or its ability to meet its objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rate, foreign exchange rate, equity prices, commodity prices and credit spreads. The Company's market risk management objectives include:

- the protection and enhancement of the statement of financial position and statement of comprehensive income and facilitating business growth within a controlled and transparent risk management framework.

- the introduction of an interest rate risk management policy which uses a sensitivity analysis to simulate changes in the market and the effects thereof.

20.4 INTEREST RATE RISK

The Company is exposed to interest rate risk because entities in the Company issue debt securities at floating interest rates.

The Company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity management section of this note.

The sensitivity analyses below have been determined based on the exposure to interest rates for and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Interest rate sensitivity analysis

A 50 basis point increase or decrease in the interest rate would not affect the profit made by the Company as the financial assets and liabilities are priced at market interest rates which reference to 3 month JIBAR.

20. RISK MANAGEMENT (continued)

20.5 CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company only transacts with entities that are rated the equivalent of investment grade and above.This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

	Gross Maximum Exposure	**12 months expected credit losses - stage 1**
	R	**R**
20.5.1 MAXIMUM CREDIT RISK EXPOSURE		
2019		
Cash and cash equivalents	**778 416**	**778 416**
Loans and advances	**909 058 767**	**909 058 767**
Total gross maximum exposure to credit risk	**909 837 183**	**909 837 183**
Expected credit losses	**(410 547)**	**(410 547)**
Total financial assets per the statement of financial position	**909 426 636**	**909 426 636**
2018		
Cash and cash equivalents	875 166	875 166
Loans and advances	1 109 539 263	1 109 539 263
Total gross maximum exposure to credit risk	**1 110 414 429**	**1 110 414 429**
Expected credit losses	(1 259 197)	(1 259 197)
Total financial assets per the statement of financial position	**1 109 155 232**	**1 109 155 232**

Expected credit losses decreased during the reporting period from the part settlement of the Telkom loan and the favourable impact of the update of the macro-economic assumptions used in the credit models. Both the baseline and downturn updated assumptions are favorable compared to the assumptions used in 2018.

20. RISK MANAGEMENT (continued)

20.5 CREDIT RISK (continued)

20.5.2. ANALYSIS OF CREDIT RISK MITIGATION AND COLLATERAL

	Cash collateral R	Other R
2019		
Loans and advances to banks	**775 800**	**-**
Loans and advances to customers	**-**	**908 650 836**
	775 800	**908 650 836**
2018		
Loans and advances to banks	870 386	-
Loans and advances to customers	-	1 108 284 846
	870 386	1 108 284 846

	Loans and advances to customers R	Total R
Credit exposure by industry 2019		
Financial services zaAA	**708 410 548**	**708 410 548**
Telecommunication zaAA	**200 648 219**	**200 648 219**
Gross Exposure	**909 058 767**	**909 058 767**
Expected credit losses	**(407 931)**	**(407 931)**
Net Exposure	**908 650 836**	**908 650 836**
Credit exposure by industry 2018		
Financial services zaAA	708 285 564	708 285 564
Telecommunication zaAA	401 253 699	401 253 699
Gross Exposure	**1 109 539 263**	**1 109 539 263**
Expected credit losses	(1 254 417)	(1 254 417)
Net Exposure	1 108 284 846	1 108 284 846

20.6 LIQUIDITY RISK

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

20. RISK MANAGEMENT (continued)

20.6 LIQUIDITY RISK (continued)

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principle cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Less than 1 year R	1-5 years R	Total R
Liabilities			
2019			
Debt securities in issue	**268 273 841**	**741 347 172**	**1 009 621 013**
Trade and other payables	**354 897**	**-**	**354 897**
Related party payables	**947 755**	**-**	**947 755**
	269 576 493	**741 347 172**	**1 010 923 665**
2018			
Debt securities in issue	290 201 809	1 020 172 258	1 310 374 067
Trade and other payables	366 878	-	366 878
Related party payables	958 879	-	958 879
	291 527 566	1 020 172 258	1 311 699 824

Assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year R	1-5 years R	Total R
2019			
Cash and cash equivalents	**775 800**	**-**	**775 800**
Loans and advances	**271 119 978**	**743 347 614**	**1 014 467 592**
	271 895 778	**743 347 614**	**1 015 243 392**
2018			
Cash and cash equivalents	870 386	-	870 386
Loans and advances	293 163 795	1 025 139 022	1 318 302 817
	294 034 181	1 025 139 022	1 319 173 203

21. FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE

All of the below financial assets and financial liabilities have carrying amounts that approximate their fair values. The disclosed fair value of these financial assets and financial liabilities measured at amortised cost approximate their carrying value because The Debt securities and loans and advances are priced at market interest rates which reference to 3 month JIBAR whilst the other assets are redeemable on demand.

	2019		2018	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	R	**R**	R	R
Financial Assets				
Cash and cash equivalents	**775 800**	**775 800**	870 386	870 386
Loans and advances	**908 650 836**	**908 650 836**	1 108 284 846	1 108 284 846
Total	**909 426 636**	**909 426 636**	1 109 155 232	1 109 155 232
Financial Liabilities				
Debt securities in issue	**908 679 041**	**908 679 041**	1 109 485 153	1 109 485 153
Trade and other payables	**354 897**	**354 897**	366 878	366 878
Related party payables	**947 754**	**947 754**	958 879	958 879
Total	**909 981 692**	**909 981 692**	1 110 810 910	1 110 810 910

22. RELATED PARTIES

Commissioner Street Owner Trust (Trust) owns 100% of the ordinary shares in the Company.

Absa Corporate Investment Bank, a division of Absa Bank Limited, administers the Company and receives a management fee as compensation.

Absa Bank Limited holds 100% of the debt securities in issue, hence controls the Company in accordance with IFRS 10. The Company is consolidated into Absa Bank Limited.

22. RELATED PARTIES (continued)

	Admin and management fees paid R	Interest received R	Interest paid R	Bank charges paid R	Directors fees paid R
2019					
Other					
Absa Bank Limited	**(252 887)**	**89**	**(90 192 277)**	**(18 469)**	**-**
TMF Corporate Services (South Africa) Proprietary Limited	**-**	**-**	**-**	**-**	**(113 416)**
	(252 887)	**89**	**(90 192 277)**	**(18 469)**	**(113 416)**
2018					
Other					
Absa Bank Limited	(356 297)	-	(120 126 083)	(26 376)	-
TMF Corporate Services (South Africa) Proprietary Limited	-	-	-	-	(146 344)
	(356 297)	-	(120 126 083)	(26 376)	(146 344)

	Current amounts payable R	Debt securities in issue R	Cash and cash equivalents R

22. RELATED PARTIES (continued)

	Current amounts payable R	Debt securities in issue R	Cash and cash equivalents R
2019			
Other related parties			
Absa Bank Limited	**947 755**	**908 679 041**	**775 800**
	947 755	**908 679 041**	**775 800**
2018			
Other related parties			
Absa Bank Limited	958 879	1 109 485 153	870 386
	958 879	1 109 485 153	870 386

	Directors' fees paid to TMF by other companies in the Group R	Total R
2019		
Directors compensation		
Commissioner Street No. 4 (RF) Limited	**144 073**	**144 073**
Commissioner Street No. 6 (RF) Limited	**159 239**	**159 239**
Commissioner Street No. 7 (RF) Limited	**33 440**	**33 440**
AB Finco 1 (RF) Limited	**129 020**	**129 020**
Commissioner Street No. 11 (RF) Limited	**157 975**	**157 975**
	623 747	**623 747**
	623 747	**623 747**
2018		
Directors compensation		
Commissioner Street No. 4 (RF) Limited	161 573	161 573
Commissioner Street No. 6 (RF) Limited	179 529	179 529
Commissioner Street No. 5 (RF) Limited	77 279	77 279
Commissioner Street No. 7 (RF) Limited	138 839	138 839
AB Finco 1 (RF) Limited	174 127	174 127
Commissioner Street No. 11 (RF) Limited	102 470	102 470
	833 817	833 817
	833 817	833 817

23. DIRECTORS' EMOLUMENTS

The Absa Group Limited representative director is not remunerated for services to the Company or any company in the Group as defined by the Companies Act. The Company's directors' fees of R113 416 (2018: R146 344) are paid to TMF Corporate Services (South Africa) Proprietary Limited for non-executive director services provided to the Company.

24. GOING CONCERN

The Company is a special purpose vehicle which was incorporated for the purpose of acquiring loan agreements to be funded by the issuance of notes in the Capital Markets.

It is anticipated that the Company will have a negative Net Asset Value (NAV) position in the next year. However, the cash reserves in the company are sufficient to cover the current liabilities in the next financial year.

The cash obligations of the Company are discharged in terms of a waterfall of payments which form part of the transaction documents. The transaction documents provide that all payments to be made to secured creditors (including note holders) will be made to the extent permitted by and subject to the priority of payments. Therefore subordination is inherent in the structure.

Based on these factors the directors are of the opinion that funds will be available to finance future operations and that the realization of assets and settlement of liabilities will occur in the ordinary course of business. Therefore, the financial statements have been prepared on a going concern basis.

25. EVENTS AFTER THE REPORTING DATE

No events after the year end have been reported.

The estimates and judgements applied to determine the financial position at 31 December 2019 have been included as part of the accounting policies of the Company. The estimates applied, most specifically as they relate to the calculation of impairments of loans and advances, were based on a range of forecast economic conditions as at that date. The outbreak of the coronavirus has resulted in disruption to business activity globally and recent market volatility, since mid-January 2020. On 27 March 2020, South Africa's sovereign credit rating was also downgraded to sub-investment grade. The impact of the coronavirus and the downgrade will be closely monitored and assessed for it's impact on the business.

26. NEW ACCOUNTING PRONOUNCEMENTS

Adoption of new and revised Standards
During the current year, the Company has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRS-IC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2019. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Company's accounting policies.

The Company adopted the following standards, interpretations and amended standards during the year:

IFRIC 23	*Uncertainty Over Income Tax Treatments* - Interpretation clarifying the accounting for uncertainties in income taxes.

New and revised International Financial Reporting Standards issued not yet effective
At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

	Standard	**Annual periods beginning on or after**
IFRS 3	*Business Combinations* - Amendments to the definitions included in the appendix to IFRS 3 which will assist entities in determining whether an acquisition made is of a business or a group of assets. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.	Acquisitions on or after 1 January 2020
IAS 1	*Classification of liabilities as current or non-current* - Amendments which aim to help companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	1 January 2020

Apart from the instances detailed above the Company is in the process of assessing the potential impact that the adoption of these standards and interpretations may have on its future financial performance or disclosures in the annual financial statements.