CONSOLIDATED FINANCIAL STATEMENTS

2

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 SEPTEMBER 2022

R'000	Note	(Audited) 2022	(Unaudited) 2021
Revenue	4	8 180 508	7 671 625
Cost of sales		(4 639 328)	(5 046 692)
Gross profit		3 541 180	2 624 933
Other operating income	5	116 910	199 755
Impairment of receivables	23	(32 776)	(65 402)
Administrative and other operating expenses	6	(2 268 087)	(1 905 209)
Foreign exchange losses	9	(39 056)	(27 550)
Operating profit before capital items		1 318 171	826 527
Capital items	10	(54 380)	–
Operating profit		1 263 791	826 527
Finance income	7	6 047	52 457
Finance costs	8	(389 044)	(321 512)
Share of joint venture profit after tax	17	931	4 563
Profit before taxation		881 725	562 035
Taxation	11	(311 837)	(197 715)
Profit for the year		569 888	364 320
Attributable to:			
Equity owners of Zeda Limited		561 416	360 225
Non-controlling interest		8 472	4 095
		569 888	364 320
Earnings per share			
Basic earnings per share (cents)	12	296.0	190.0
Diluted basic earnings per share (cents)	12	296.0	190.0

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

R'000	Note	(Audited) 2022	(Unaudited) 2021
Profit for the year		569 888	364 320
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation difference		43 333	13 288
Total comprehensive income for the year		613 221	377 608
Total comprehensive income attributable to:			
Equity owners of Zeda Limited		604 749	373 513
Non-controlling interest		8 472	4 095
		613 221	377 608

FINANCIAL STATEMENTS continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

R'000	Note	(Audited) 2022	(Unaudited) 2021
ASSETS			
Non-current assets			
Property, plant and equipment	13	3 624 656	3 583 786
Right of use assets	14	295 834	331 017
Goodwill	15	16 789	16 789
Intangible assets	16	8 311	62 646
Investment and loans in associates		–	126
Investment in joint ventures	17	8 100	7 169
Deferred tax asset	18	117 842	26 243
Finance lease receivable	19	125 896	124 754
Investment		463	–
Share appreciation rights receivable	20	9	7 041
Total non-current assets		4 197 900	4 159 571
Current assets			
Rental vehicles	21	3 812 005	2 818 473
Finance lease receivable	19	76 766	77 495
Inventories	22	471 039	306 589
Trade and other receivables	23	1 498 707	3 426 125
Income tax receivable		197 804	90 335
Cash and cash equivalents	24	306 526	82 973
Non-current asset classified as held for sale	25	–	12 639
Total current assets		6 362 847	6 814 642
Total assets		10 560 747	10 974 200
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	26	4 500 000	4 500 000
Merger reserve	27	(4 474 011)	(4 474 011)
Retained earnings		1 546 352	2 142 364
Foreign currency translation reserve	27	35 116	(8 217)
Other reserves	27	24 027	24 890
Equity attributable to equity holders		1 631 484	2 185 026
Non-controlling interest	28	42 188	35 849
Total equity		1 673 672	2 220 875
LIABILITIES			
Long-term interest-bearing borrowings	29	1 908 131	4 380 522
Lease liability	30	434 790	521 170
Contract liabilities	31	500 457	445 074
Deferred tax liability	18	174 427	113 033
Provisions and other accruals	32	21 019	24 144
Total non-current liabilities		3 038 824	5 483 943
Current liabilities			
Bank overdraft	33	240 202	321 088
Short-term interest-bearing borrowings	33	1 489 502	127 134
Lease liability	30	88 280	42 360
Floorplans from suppliers	34	986 130	176 959
Trade and other payables	35	2 339 737	2 148 196
Contract liabilities	31	346 679	330 122
Provisions and other accruals	32	144 463	113 667
Income tax payable		213 258	9 856
Total current liabilities		5 848 251	3 269 382
Total liabilities		8 887 075	8 753 325
Total equity and liabilities		10 560 747	10 974 200

FINANCIAL STATEMENTS *continued*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2022

R'000	Stated capital	Merger reserve*	Retained earnings	Foreign currency translation reserve	Other reserves	Equity attributable to equity holders	Non-controlling interest	Total equity
Balance at 30 September 2020 (Unaudited)	4 500 000	(4 474 011)	1 886 627	(21 505)	24 759	1 915 870	34 601	1 950 471
Total comprehensive income for the year	–	–	360 225	13 288	–	373 513	4 095	377 608
Profit for the year	–	–	360 225	–	–	360 225	4 095	364 320
Foreign currency translation difference	–	–	–	13 288		13 288	–	13 288
Transactions with shareholders recorded directly in equity								
Capital contribution	–	–	22 169	–	–	22 169	–	22 169
Dividends declared**	–	–	(126 657)	–	–	(126 657)	(2 847)	(129 504)
Other movements	–	–	–	–	131	131	–	131
Balance at 30 September 2021 (Unaudited)	4 500 000	(4 474 011)	2 142 364	(8 217)	24 890	2 185 026	35 849	2 220 875
Total comprehensive income for the year	**–**	**–**	**561 416**	**43 333**	**–**	**604 749**	**8 472**	**613 221**
Profit for the year	**–**	**–**	**561 416**	**–**	**–**	**561 416**	**8 472**	**569 888**
Foreign currency translation difference	**–**	**–**	**–**	**43 333**	**–**	**43 333**	**–**	**43 333**
Transactions with shareholders recorded directly in equity						**–**		**–**
Dividends declared**	**–**	**–**	**(1 157 428)**	**–**	**–**	**(1 157 428)**	**(2 133)**	**(1 159 561)**
Other movement	**–**	**–**	**–**	**–**	**(863)**	**(863)**	**–**	**(863)**
Balance at 30 September 2022 (Audited)	**4 500 000**	**(4 474 011)**	**1 546 352**	**35 116**	**24 027**	**1 631 484**	**42 188**	**1 673 672**

* *In terms of the book value accounting as detailed in the basis of preparation the difference between the acquiree's share capital and the cost of investment is represented as a merger reserve directly in equity in the consolidated statement of financial position.*

** Dividends paid comprise dividends paid by Avis Southern Africa Proprietary Limited and its subsidiary companies to Barloworld Limited before the implementation of the restructure as detailed in the basis of preparation in note 2.

FINANCIAL STATEMENTS *continued*

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2022

R'000	Note	(Audited) 2022	(Unaudited) 2021
Cash generated from operations	36	**2 499 994**	152 789
Interest paid on interest-bearing borrowings and lease liability	38	**(389 044)**	(321 512)
Realised foreign exchange losses		**(39 056)**	(27 550)
Dividends received		**–**	12 224
Interest received		**6 047**	52 457
Taxation paid	37	**(250 393)**	(219 185)
Dividends paid including to non-controlling interest		**(1 159 561)**	(129 504)
Cash retained from/(utilised by) operating activities		**667 987**	(480 281)
Cash flows from investing activities			
Acquisition of property, plant and equipment excluding leasing vehicles		**(9 748)**	(18 999)
Disposal of property, plant and equipment excluding leasing vehicles		**12 829**	3 191
Acquisition of investment in cell captive		**(50)**	–
Acquisition of goodwill		**–**	(64)
Acquisition of intangible assets		**(1 513)**	(306)
Net cash derived from/(used in) investing activities		**1 518**	(16 178)
Cash flows from financing activities			
Share scheme receipts		**(6 932)**	(46 561)
Repayment of long-term interest-bearing borrowings	38	**(3 144 974)**	–
Interest-bearing borrowings raised		**1 914 332**	375 042
Increase/(decrease) in short-term interest-bearing borrowings		**120 619**	(68 893)
(Decrease)/increase in bank overdraft		**(80 886)**	38 959
Increase in floorplans from suppliers		**809 171**	176 959
Repayment of lease liability	38	**(61 922)**	(39 196)
Contributions from Group companies		**–**	22 169
Net cash (used in)/derived from financing activities		**(450 592)**	458 479
Net increase/(decrease) in cash and cash equivalents		**218 913**	(37 980)
Cash and cash equivalents at beginning of year		**82 973**	118 370
Effect of foreign exchange rate movement on cash and cash equivalents		**4 640**	2 583
Cash and cash equivalents at the end of year	24	**306 526**	82 973

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

SEGMENTAL INFORMATION

Operating segments

The Executive Committee, as chief operating decision maker, has determined the operating segments based on the information it uses to allocate resources and assess segmental performance.

Segments are analysed by operating activities. No operating segments have been aggregated in arriving at the reportable segments of the Business as presented in the Segmental information.

The activities of the Zeda Limited (the **"Company"**) and its direct and indirect subsidiaries (**"Zeda Limited Group"**) operating segments are described below:

- Car Rental Business:

  The business of providing car rental solutions to a broad range of customers for periods ranging from one day up to 12 months, carried on by the Zeda Limited Group through its network of directly-operated, agency-operated and sub-licensee-operated branches (as applicable), in South Africa and other countries in sub-Saharan Africa (including Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, eSwatini, Zambia and Zimbabwe) under the "Avis" and "Budget" brands, and includes, as the context requires, the revenue generated from de-fleeting cars through Car Sales.

- Leasing Business:

  The business of providing long-term fleet leasing solutions for periods of longer than 12 months to corporate and public sector (i.e. national and local government) customers carried on by the Group in South Africa and other countries in sub-Saharan Africa (including Botswana, Ghana, Lesotho, Mozambique, Namibia and Zambia) under the "Avis" brand, and includes, as the context requires, the revenue generated from de-fleeting vehicles through Car Sales.

	2022 (Audited)							
R'000	Revenue	EBITDA	Depreciation amortisation and impairments*	Operating profit	Net finance costs	Share of joint venture profit after tax	Income tax expense	Profit after tax
Leasing	2 198 911	1 233 792	(830 698)	403 094	(173 200)	931	(83 842)	146 983
Car rental	5 981 597	1 580 032	(719 335)	860 697	(209 797)	–	(227 995)	422 905
	8 180 508	2 813 824	(1 550 033)	1 263 791	(382 997)	931	(311 837)	569 888

* *Impairments are included in capital items.*

R'000	Operating profit margin* %	Staff costs	Operating lease costs	Capital items	Restructuring costs
Leasing	21%	197 662	17 994	54 254	128
Car rental	14%	426 257	104 295	126	658
	18%	623 919	122 289	54 380	786

* *Operating profit margin is determined by dividing "operating profit before capital items" by revenue.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

SEGMENTAL INFORMATION continued

Operating segments continued

R'000	External revenue	Inter-group companies	Total revenue
Leasing	2 100 308	98 603	2 198 911
Car rental	5 977 545	4 052	5 981 597
	8 077 853	102 655	8 180 508

R'000	Depreciation	Amortisation	Impairments	Total
Leasing	776 449	–	54 249	830 698
Car rental	717 610	1 599	126	719 335
	1 494 059	1 599	54 375	1 550 033

	2021 (Unaudited)							
R'000	Revenue	EBITDA	Depreciation amortisation and impairments*	Operating profit	Net finance costs	Share of joint venture profit after tax	Income tax expense	Profit after tax
Leasing	2 218 585	1 248 442	(753 562)	494 880	(152 415)	4 563	(81 574)	265 455
Car rental	5 453 040	947 360	(615 713)	331 647	(116 640)	-	(116 141)	98 865
	7 671 625	2 195 802	(1 369 275)	826 527	(269 055)	4 563	(197 715)	364 320

* *Impairments are included in capital items.*

R'000	Operating profit margin* %	Staff costs	Operating lease costs	Capital items	Restructuring costs
Leasing	22%	208 208	19 994	–	984
Car rental	6%	415 680	63 983	–	–
	11%	623 888	83 977	–	984

* *Operating profit margin is determined by dividing operating profit before capital items by revenue.*

R'000	External revenue	Inter-group companies	Total revenue
Leasing	2 127 740	90 845	2 218 585
Car rental	5 450 280	2 760	5 453 040
	7 578 020	93 065	7 671 625

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

SEGMENTAL INFORMATION continued

Operating segments continued

R'000	Depreciation	Amortisation	Impairments	Total
Leasing	753 562	–	–	753 562
Car rental	614 753	960	–	615 713
	1 368 315	960	–	1 369 275

Segmental information continued	Leasing		Car rental		Adjustments		Total	
R'000	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Property, plant, and equipment	**3 512 209**	3 464 351	**111 836**	118 824	**611**	611	**3 624 656**	3 583 786
Right of use assets	**9 791**	9 371	**286 043**	321 646	**-**	-	**295 834**	331 017
Intangible assets	**-**	54 249	**8 311**	8 397	**-**	-	**8 311**	62 646
Investment in joint venture	**8 100**	7 169		-	**-**	-	**8 100**	7 169
Investment in associates and other investments	**463**	-		126		-	**463**	126
Finance lease receivable	**202 662**	202 249		-	**-**	-	**202 662**	202 249
Rental vehicles	**-**	-	**3 812 005**	2 818 473	**-**	-	**3 812 005**	2 818 473
Inventories	**22 799**	18 559	**448 240**	287 942	**-**	88	**471 039**	306 589
Trade and other receivables	**474 674**	2 421 708	**1 034 052**	1 004 417	**(10 029)**	-	**1 498 697**	3 426 125
Operating assets	**4 230 698**	6 177 656	**5 700 487**	4 559 825	**(9 418)**	699	**9 921 767**	10 738 180

	Leasing		Car rental		Adjustments		Total	
R'000	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Lease liability	**26 247**	30 388	**496 823**	533 142	**-**	-	**523 070**	563 530
Contract liabilities	**847 136**	775 196	**-**	-	**-**	-	**847 136**	775 196
Provisions	**165 482**	137 811	**-**	-	**-**	-	**165 482**	137 811
Trade and other payables	**675 583**	703 812	**1 670 768**	1 446 102	**(6 614)**	(1 718)	**2 339 737**	2 148 196
Operating liabilities	**1 714 448**	1 647 207	**2 167 591**	1 979 244	**(6 614)**	(1 718)	**(3 875 425)**	3 624 733
Net operating assets	**2 516 250**	4 530 449	**3 532 896**	2 580 581	**(2 804)**	2 417	**6 046 342**	7 113 447

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

1. Basis of preparation

A. Accounting framework

Background

Restructuring and formation of the Zeda Limited Group

As announced in the Barloworld SENS announcement dated 14 November 2022 the Barloworld Board approved the separation of the Zeda Limited Group from the Barloworld Group through the proposed distribution of 189,641,787 Zeda Limited Shares held by Barloworld and comprising 100% of the issued Zeda Limited Shares of the Company to Barloworld Shareholders in the ratio of 1 Zeda Limited Share for every 1 Barloworld Share and Listing.

In order to facilitate the Unbundling and Listing, Barloworld, the former parent of the Company and the Business, implemented a restructuring which, through a series of intragroup transactions in compliance with the applicable tax roll-over relief provisions of the South African Income Tax Act, resulted in the Business being transferred to, and consolidated under, the Company. At a high level, the Restructuring involved the sequential steps discussed below and which are also set out in more detail in "Section 5 – Restructuring and Formation of the Zeda Limited Group" of the PLS. The Restructuring was implemented through the Restructuring Implementation Agreements as follows: (i) the phase one restructuring implementation agreement entered into between Barloworld, Barloworld South Africa Proprietary Limited (**"BAWSA"**), Avis Southern Africa Proprietary Limited and Zeda Limited Car Leasing Proprietary Limited (**"ZCL"**), on or about 22 September 2022, as amended (**"Phase One Restructuring Implementation Agreement"**); and (ii) the phase two restructuring implementation agreement entered into between the Company, Barloworld, BAWSA, Avis Southern Africa and Zenith Proprietary Limited (**"Zenith"**) on or about 28 September 2022 (**"Phase Two Restructuring Implementation Agreement"**).

Prior to 1 October 2021, the Business was housed in and carried out by the following subsidiaries, joint ventures, and divisions of Barloworld, as further explained in the PLS:

- A division of BAWSA (a wholly-owned subsidiary of Barloworld)
- Avis Southern Africa, an intermediate Holding company, with several subsidiaries located outside South Africa
- ZCL (a wholly-owned subsidiary of BAWSA), which housed and operated, several direct and indirect subsidiaries;
- In addition to the above, and to further facilitate the Unbundling and the Listing, the following additional internal restructuring steps, were implemented to effectively consolidate the entire Business under the Company prior to the Unbundling and Listing:
  - Zenith, a wholly-owned subsidiary of BAWSA, was incorporated during the year to house the Car Rental Business of Barloworld.
  - In terms of the Phase One Restructuring Implementation Agreement and the Phase Two Restructuring Implementation Agreement, on and with effect from 28 September 2022, through a resolution of its Board of Directors, BAWSA distributed 100% of the shares in ZCL and Zenith, respectively, to Barloworld as a distribution in specie, with the result that Barloworld became the sole shareholder of each of Zenith and ZCL.
  - In terms of the Phase One Restructuring Implementation Agreement and the Phase Two Restructuring Implementation Agreement, on and with effect from 29 September 2022, Barloworld then sold 100% of the shares in ZCL and Zenith to Avis Southern Africa in exchange for additional shares in Avis Southern Africa On completion of this step, Avis Southern Africa became the sole shareholder of each of Zenith and ZCL, and accordingly, became the intermediate holding Company of the entire Business.
  - In terms of the Phase Two Restructuring Implementation Agreement, all the issued shares in Avis Southern Africa were then disposed of by Barloworld to the company in exchange for the issue by the Company of 189,641,787 Zeda Limited shares at the fair market value of Avis Southern Africa amounting to R4,500.00 million. On completion of this step, the Company became the sole shareholder of Avis Southern Africa.

1. Basis of preparation continued

A. Accounting framework continued

Background continued

Post the internal restructuring, the resultant business held by Zeda Limited consisted of the following:

- Avis Southern Africa and its direct and indirect subsidiaries
- ZCL and its direct and indirect subsidiaries
- Zenith

These consolidated financial statements of the Zeda Limited Group, comprising the consolidated statement of financial position as at 30 September 2022, and the consolidated statements of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 September 2022, and a summary of significant accounting policies and the notes thereto, have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB"). They are also prepared in accordance with the interpretations adopted by the IASB, the South African Institute of Chartered Accountants' Financial Reporting Guides and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

Comparative information and common control transactions

The Zeda Limited Group applies book value accounting for common control business combinations, which are business combinations between entities or businesses which are ultimately controlled by the same party or parties both before and after the combination. Under book value accounting, the net assets of the combining entities or businesses use the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over fair value of the consideration transferred at the time of the common control combination. The difference between the acquiree's share capital and the cost of investment is represented as a merger reserve directly in equity in the consolidated statement of financial position.

The consolidated financial statements have been prepared as if the Zeda Limited Group had already existed before the start of the earliest period presented. The comparative information has, therefore, been presented as if the Restructuring had occurred at 1 October 2020. The comparative information has been derived from the audited financial information of entities and businesses forming the Zeda Limited Group and is not itself reviewed or audited. Costs incurred in relation to the common control combination are recognised as an expense in the year in which they are incurred.

This is the first set of consolidated financial statements prepared by the Zeda Limited Group. The consolidated financial statements were authorised for issue by the Company's Board of Directors on 27 January 2023.

The financial statements have been prepared on the historical cost basis except as described otherwise in the notes.

The presentation currency of the Group is South African Rand ("R"), which is also the functional currency of the Company. Figures have been rounded to the nearest thousand ("R'000"), unless otherwise indicated.

B. Underlying concepts

The financial statements are prepared on the going concern basis. The going concern assumption was assessed by management as appropriate after taking into consideration its available information about the future, the profitability of the operations and the accessibility to financial resources for at least the next 12 months from the end of the last reporting date.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are off-set, and the net amount reported only when a legally enforceable right to set off the amounts exists, and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1. Basis of preparation continued

B. Underlying concepts continued

Current vs non-current

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. Accounting policies

Accounting policies involving significant estimates and judgements by management

Preparing financial information in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

Accounting policies which have been identified as involving particularly complex or subjective judgements or assessments are as follows:

Expected credit losses

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost which include trade and other receivables and finance lease receivables. The recoverability of a financial asset is determined from the date it is recognised with a loss allowance recognised for expected losses determined at initial recognition. The Group initially measures the loss allowance at an amount equal to the 12-month expected losses. However, the Group measures the loss allowance at an amount equal to the lifetime expected losses if credit risk on the financial asset has increased significantly since initial recognition.

The Group calculates the allowance for credit losses based on the expected credit loss ("ECL") model to assess whether financial assets measured at amortised cost, finance lease receivables and contract assets collectively referred to as receivables (for impairment purposes only) are impaired.

The Group has rebutted the presumption that credit risk has significantly increased when financial assets are more than 30 days past due. Credit risk is considered to have significantly increased when supportable forward-looking information such as inflation and gross domestic product forecasts, the counterparty's reputation and estimated financial position and the market conditions in which the counterparty operates, indicate that the financial asset would not be recoverable as contracted. In determining the ECL, receivables are Grouped based on similar risks, the industry in which the customer operates, the regulatory environment, the size of the receivable and the historical payment history of the customer. ECLs are calculated using the historic loss ratio adjusted for forward-looking information. In instances where there was no evidence of historical write-offs, management's judgement is applied to assess for potential credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

2. Accounting policies continued

Expected credit losses continued

For financial assets where the Group determines that recoverability is unlikely, such that the credit quality has significantly deteriorated and the assets are credit impaired, a lifetime ECL is recognised, and interest income only accrues on the net amount (gross carrying amount less credit impairment). Default is considered to have occurred when a customer does not meet their contractual payment obligations. The Group considered this a sound basis as, in management's view, financial assets are credit impaired when the Group has not received contractual cash flows as contracted, efforts to recover the asset have not been successful and the customer's ability to pay is questionable. Where the Group determines there are no prospects of a customer meeting its contractual repayments, the related receivable is written off, and this occurs when the customer is handed over to legal for collection.

The Group recognises a loss allowance using a simplified approach as a lifetime ECL on:

- lease receivables and contract assets; and
- finance lease receivables as an accounting policy choice.

The Group reassesses the lifetime ECLs at each reporting period and recognises any changes as an impairment gain or loss.

Share appreciation right and equity-settled share-based payment arrangement

Cash-settled SARs and FSPs

Cash-settled share appreciation rights ("SARs") and FSPs granted to employees for services rendered or to be rendered are raised as a liability and recognised in profit or loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is measured annually until settled and any changes in value are recognised in profit or loss. Fair value is measured using a binomial pricing model.

Estimating fair value for share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires judgement in the determination of the most appropriate inputs to the valuation model including the expected life of the equity-settled and share appreciation award, volatility and forfeiture rate.

For the measurement of the fair value of share appreciation rights with employees at the grant date, the fair value equals the volume weighted average market price of the underlying shares on the three trading days immediately preceding grant date.

The scheme is complex as share appreciation rights issued before 2011 will be settled in cash (cash-settled arrangement) and those issued after 2011 will be settled in Barloworld Limited equity shares with various vesting conditions. This scheme is managed at Barloworld Group level.

Property, plant and equipment

The residual value of lease vehicles determines the lease income and recoverability on resale at the end of the lease term. Residual values are constantly reviewed for accuracy based on the status of the used car market, current and historical value of vehicles sold and the specific application of the vehicle.

An asset's useful life is defined in terms of its expected utility to the Group. It is the period of time over which the Group expects to use it. Property, plant and equipment that have a finite useful life are depreciated to their residual values. Because it is an estimate, management is required to review the basis of depreciation, useful life and residual value at each annual reporting date as a minimum.

Management considers all of the below factors when determining or reviewing the useful life of an item of property, plant and equipment:

- Expected use of the asset
- Expected wear and tear
- Technical obsolescence arising from changes or improvements in technology
- Commercial obsolescence arising from a change in market demand for the product or service output of the asset

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

2. Accounting policies continued

Inventory

Comparison of the carrying value of vehicles to their market value requires judgement in terms of net realisable value of the vehicles recognised in inventory. The market value is determined based on management's knowledge of the industry and reference to published market information.

Contract liability and maintenance fund provision

In order to recognise contract liability on a basis commensurate with the risk profile of each leased motor vehicle, actuarial valuations are performed periodically throughout the year. The valuations take into account each individual vehicle's actual maintenance costs and income, and a projection of expected future costs and income streams The key assumptions used in this calculation are determined by management in conjunction with the internal and external actuaries, and are updated for changes in actual experience and economic indicators.

In order to estimate the split of contract liability between long and short-term portions, management considered the average life of the relevant lease vehicles.

Revenue recognition

The percentage of completion method is applied to recognise revenue on long-term maintenance and repair contracts ("MARC") as performance obligations are satisfied over time. Management exercises judgement in calculating the contract liabilities and contract assets which are based on the anticipated cost of repairs over the life cycle of the motor vehicles, applied to the total expected future revenue arising from maintenance and repair contracts.

The significant assumptions made to determine the stage of completion of contracts include:

- costs incurred to date to fulfil the performance obligations for MARC contracts;
- estimated costs to be incurred in fulfilling the performance obligations for MARC contracts;
- contract duration and mileage;
- contract expiry date;
- parts price and labour inflation; and
- projected income stream.

Non-current assets held for sale

Non-current assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. Judgement is required in determining the realisable value of the asset and in concluding that the asset will be disposed of in the next 12 months. Management is also required to consider whether the disposal of the asset would meet the definition of a discontinued operation.

A disposal Group is a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

2. Accounting policies continued

Impairment of non-financial assets

Determining whether non-financial assets, excluding Inventories and deferred tax assets, are impaired requires an estimation of the recoverable amount of the individual assets. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the individual asset and a suitable discount rate in order to calculate the present value. The recoverable amount is calculated as the higher of value in use or fair value less cost to dispose.

The management of the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, which is fair value less costs to sell in the case of used vehicles and value in use in the case of right of use assets, goodwill and intangibles.

For the Group's assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairments related to goodwill are not reversed.

Goodwill and intangible assets

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate pre-tax discount rate, is compared to the carrying amount and, if lower, the assets are impaired to the present value.

Cash flows, which are utilised in these assessments, are extracted from formal five-year business plans which are updated annually. The Group utilises a discounted cash flow valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by other valuation techniques.

Deferred tax assets

Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Five-year business plans are prepared annually and approved by the management of the Group and its major operating entities. These plans include estimates and assumptions regarding economic growth, interest rates, inflation, and competitive forces. The plans contain profit forecasts and cash flows, and these are utilised in the assessment of the recoverability of deferred tax assets. Management also exercises judgement in assessing the likelihood that business plans will be achieved and that the deferred tax assets are recoverable. In certain circumstances further corroborative evidence is used, such as tax planning opportunities within the control of management, to support the recovery of the tax asset.

Lease term

The following factors were considered in determining whether it is reasonably certain the options will be exercised, thus whether there is an economic incentive to exercise:

- The strategic objectives of the Group and annual business plans that observe a five-year cycle
- Whether the terms and conditions of the current lease are more favourable than the current market conditions
- The proximity of the leased premises to core customers and other business hubs
- Specifics for the premises/assets leased and any leasehold improvements, such as workshops or office building, undertaken by the Group which are optimised to business needs
- Costs relating to the termination of the lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

2. Accounting policies continued

Lease term continued

- The availability of similar/alternative assets in the market suitable to the business needs
- All relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option

Uncertain tax positions

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the Group's belief that its tax return positions are supportable, the management of the Group believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Group records its tax balances based on either the most likely amount or the expected value in accordance with the Group Tax Risk policy, which weights multiple potential scenarios. The management of the Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law.

Other accounting policies

Employee benefit costs

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees. The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made.

Deferred taxation assets and liabilities

Deferred taxation is recognised using the financial liability method for all temporary differences, unless specifically exempt.

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

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects immediately neither taxable income nor accounting profit.

Deferred taxation arising on investments in subsidiaries, associates and joint ventures is recognised except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

The Group has companies where deferred taxes are recognised for temporary differences that arise when an entity's taxable profit or loss (and thus the tax basis of its non-monetary assets and liabilities) are measured in a currency different to its functional currency. Changes in the exchange rate result in a deferred tax asset or liability which is charged to other comprehensive income.

2. Accounting policies continued

Other accounting policies continued

Foreign currencies

Functional and presentation currency

The South African Rand (R) is the functional currency for the Group's operations in South Africa.

The functional currencies of foreign operations include the Botswana Pula, Namibian Dollar, Ghanaian Cedi, Mozambican Metical, Swazi Lilangeni, Lesotho Loti and Zambian Kwacha.

Transactions and balances

Transactions in foreign currencies are accounted for at rates of exchange ruling on the date of the transactions. Gains and losses arising from the settlement of such transactions are recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Unrealised translation differences on such monetary assets and liabilities are recognised in profit or loss in the year in which they occur. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign operations

The results and financial position of all the entities within the Group that have a functional currency different from the Group presentation currency are translated into the presentation currency. Assets and liabilities of foreign operations are translated at rates of exchange ruling at the reporting date. Income and expenditure of foreign operations are translated at the rate of exchange at the transaction date or the average rate of exchange for the reporting period. Gains or losses arising on the translation of foreign operations are recognised in other comprehensive income and presented as foreign currency translation reserves in equity. Where the operation is not a wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to non-controlling interests. On consolidation, exchange differences arising from the translation of a monetary item that forms part of a reporting entity's net investment in foreign operations, including the borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and presented as a foreign currency translation reserve in equity. When a foreign operation is sold or partly sold resulting in a loss of control, the share of the related cumulative gains and losses, including taxes, previously recognised in the foreign currency translation reserve is reclassified to profit or loss on disposal as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative foreign currency translation reserve is reallocated to non-controlling interests.

Basis of consolidation

The consolidated financial statements include the results and financial position of Zeda Limited, its subsidiaries and joint ventures. Subsidiaries are entities which the Group has power over and in respect of which it is exposed, or has rights, to variable returns from its involvement with these entities and has the ability to affect those returns through its power over those entities. The results of any subsidiaries acquired or disposed of during the year are included from the date control was obtained and up to the date control ceased to exist. Total comprehensive income of the subsidiary is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a negative balance.

All intragroup transactions and balances are eliminated on consolidation. Unrealised profits that arise between group entities are also eliminated.

All changes in the parent's ownership interests that do not result in the loss of control are accounted for within equity. The carrying amount of the Group's interest and the interest of the non-controlling shareholders is adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/received are recognised directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

2. Accounting policies continued

Other accounting policies continued

Basis of consolidation continued

When an entity loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost and also derecognises the carrying amount of any non-controlling interests in the former subsidiary at that date. It recognises the fair value of any consideration received on the loss of control and recognises any of the investment retained in the former subsidiary at its fair value at the date when control is lost. Any resulting differences are reflected as a gain or loss in profit or loss attributable to the Group.

Merger accounting for common control combinations

Merger accounting is used by the Group for common control transactions, which are transactions between entities that are ultimately controlled by the same party or parties. This method treats the merged entities as if they had been merged throughout the current and comparative accounting periods.

The net assets of the combining entities or businesses use the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination, to the extent of the continuation of the controlling party's interest. The excess of the acquiree's share capital and share premium over the cost of investment is represented as a reserve in equity in the consolidated statement of financial position.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that are to be accounted for by using merger accounting are recognised in profit or loss in the year in which they are incurred.

The Group holds 50% of the shares in the venture Daysun Proprietary Limited and has joint control. Additionally, the Group holds 100% of the shares in Avis Southern Africa Proprietary Limited which has controlling interests in the following companies:

Group controlling interest	% Holding
Zenith Proprietary Limited	100%
Zeda Limited Car Leasing Proprietary Limited	100%
Vuswa Fleet Services Proprietary Limited	60%
Phakisaworld Fleet Solutions Proprietary Limited	100%
Zeda Namibia Car Rental Proprietary Limited	75%
Zeda Namibia Proprietary Limited	75%
Amalgamated Fleet Services Ghana Limited	90%
Dreamworks Technologies Proprietary Limited	100%
Car Rental Holdings Proprietary Limited	100%
Car Rental Botswana Proprietary Limited	100%
Fleet Services Botswana Proprietary Limited	100%
Fleet Services Ghana Limited	100%
Seahlolo Transport Services Proprietary Limited	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

2. Accounting policies continued

Other accounting policies continued

Basis of consolidation continued

Merger accounting for common control combinations continued

Group controlling interest	% Holding
Barloworld Auto Proprietary Limited*	100%
Tansuk Limited	100%
Mozambique Car Rental Limitada	100%
Zeda Fleet Services Zambia Limited	100%
Zeda Swaziland Proprietary Limited	100%
Fleet Accident: Management Proprietary Limited	100%
Chartered Auto Rental Services Proprietary Limited	100%
Barloworld Motor Proprietary Limited	100%
Zeda Lesotho Proprietary Limited	100%
Masterdrive Proprietary Limited	100%
The Car Mall Proprietary Limited	100%

* *Excluding the shared properties SMD division controlled by Barloworld Limited.*

Investments in subsidiaries

Investments in subsidiaries are recognised at cost less accumulated impairment losses in the Company's separate financial statements.

Stated capital

Ordinary shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Operating segments

The Executive Committee, as chief operating decision maker, has determined the operating segments based on the information it uses to allocate resources and assess segmental performance.

Segments are analysed by operating activities. No operating segments have been aggregated in arriving at the reportable segments of the Group as presented in the Segmental information.

The activities of the Group's operating segments are described below:

- **Car Rental Business:**
  The business of providing car rental solutions to a broad range of customers for periods ranging from one day up to 12 months, carried on by the Group through its network of directly-operated, agency-operated and sub-licensee-operated branches (as applicable), in South Africa and [10] other countries in sub-Saharan Africa (including Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, eSwatini and Zimbabwe) under the "Avis" and "Budget" brands, and includes, as the context requires, the revenue generated from de-fleeting cars through Car Sales.

- **Leasing Business:**
  The business of providing long-term fleet leasing solutions for periods of longer than 12 months to corporate and public sector (i.e. national and local government) customers carried on by the Group in South Africa and other countries in sub-Saharan Africa (including Botswana, Ghana, Lesotho, Mozambique, Namibia and Zambia) under the "Avis" brand, and includes, as the context requires, the revenue generated from de-fleeting vehicles through Car Sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

2. Accounting policies continued

Other accounting policies continued

Revenue

The following steps are applied to recognise revenue in terms of IFRS 15 Revenue from Contracts with Customers:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue from the following major sources:

- Rentals received
- Sale of used vehicles
- Value added services

Rentals received

Rentals received is revenue recognised on leasing of vehicles which is categorised into three categories, namely rental income earned on contracts shorter than 12 months outside of IFRS 16, full maintenance lease and manufacture upfront payment.

Rental income earned on contracts shorter than 12 months outside of IFRS 16 Leases

Rental income from operating leases (net of any incentives given to the lessees) is recognised on straight-line basis over the lease term.

Full maintenance lease

Full maintenance lease is a product whereby the Group provides a vehicle for use by a customer, and negates their risk by using a number of processes to achieve this.

Throughout the contract period the Group remains the title holder of the vehicle and the customer will be the owner. The Group assumes all risk involved with the operating of the vehicle including maintenance and residual risk for the period of the contract, with a single monthly instalment paid by the customer.

The customer pays a monthly instalment to the Group, which includes an administration fee, interest in respect of capital outlay, as well as a maintenance amount, as defined in the signed full maintenance contract.

Based on this the revenue is recognised over time during the period of the agreement.

Manufacture upfront payment

There are four manufacture upfront payment product options that the Group currently manages, namely:

- standard original equipment manufacturer ("OEM") service plan: A service plan that comes standard with a new vehicle, which is the plan on a vehicle that is included in the purchase price of a vehicle;
- standard original equipment manufacturer ("OEM") maintenance plan is a maintenance plan that comes standard with a new vehicle, which is the plan on a vehicle that is included in the purchase price of a vehicle;
- added on service plan; and
- added on maintenance plan which is classified as a value added service revenue stream.

Once-off fee comprising either an administration fee for standard OEM service plan or standard OEM maintenance plan.

Based on this, the revenue is recognised over time during the period of the agreement.

2. Accounting policies continued

Other accounting policies continued

Rentals received continued

Sale of used vehicles

Performance obligations from the sale of vehicles are satisfied at a point in time. The point of delivery is where the selling price has been agreed with the purchaser and control over the goods is transferred to the purchaser and therefore the performance obligation is satisfied.

Value added services

Value added services comprises added on service plans and added on maintenance plans.

Added on service plans are service plans that are added on to a vehicle, either when the vehicle is new, or when it is used. Added on maintenance plans are maintenance plans that are added on to a vehicle, either when the vehicle is new, or when it is used.

Once-off upfront maintenance fund and administration fee are transactions fees for both the added on service plan and added on maintenance plan.

The Group will bear the costs for those service and maintenance items as the Group will be responsible to maintain the vehicle of the end-user customer from a services perspective or maintenance perspective based on agreed parameters.

As the service or maintenance is provided to the customers based on the agreed parameters throughout the contract, the revenue is recognised in line with the cost incurred by the Group on services and maintenance of those vehicles.

Projection of the expected difference between the maintenance fund provided upfront per vehicle and the actual expenses incurred on a particular vehicle are determined by the actuaries during the quarterly actuarial valuations.

Revenue is recognised over the period of maintenance or service agreement which can vary from 24 to 60 months.

The Group provides maintenance contracts as part of a full maintenance vehicle lease solution. Contract liabilities represent income received in terms of maintenance contracts to customers which will be recognised on a systematic basis over the life of the contract. Contract liability is split into a non-current and current portion in terms of management's best estimate of the expected maintenance expenditure to be incurred.

Finance costs

Interest on financial liabilities measured at amortised cost is calculated using the effective interest rate method.

Finance income

Interest income is accrued on a time basis on financial assets measured at amortised costs using the effective interest method.

Taxation

Current taxation

The tax payable is based on taxable income for the year. Taxable income differs from accounting profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred taxation is provided using the financial liability method, for all temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, at the tax rates enacted or substantively enacted at period end. Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

2. Accounting policies continued

Other accounting policies continued

Business combinations

Business combinations, in which all of the combining entities or businesses are ultimately controlled by the same party both before and after the combination and control is not transitory, are accounted for as common control transactions. Common control transactions are accounted for on the book value or carry over basis.

In terms of the book value basis:

- the Group will recognise assets acquired and liabilities assumed using the historical book (carrying) amounts assumed in the financial statements of the entities transferred;
- other comprehensive income ("OCI") reserves previously recognised by the entities transferred are also transferred to the Group;
- any difference between the consideration paid (value of the shares issued) and the capital of the acquiree is recognised in equity. This adjustment can either be recognised in a separate account, for example a 'merger' or common control reserve or as an adjustment to retained earnings.

Non-controlling interests in companies included in the Group are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation are measured at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the equity holders and to the non-controlling interests. Total comprehensive income of the business entities is attributed to the parent entities and to the non-controlling interests even if this results in the non-controlling interests having a debit balance.

Merger accounting is used by the Group for common control transactions. This method treats the merged entities as if they had been merged throughout the current and comparative accounting periods.

Goodwill

Goodwill is initially recognised at cost.

Goodwill is not amortised but is reviewed for impairment at least annually, and when there are indicators of impairment. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Property, plant and equipment

Items of property, plant and equipment are initially stated at cost which includes all costs that are directly attributable to the purchase and to bringing the assets to their initial working condition for their intended use. Subsequently property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Motor vehicles leased out in terms of lease agreements are depreciated on a straight-line basis to the anticipated residual value over the term of the lease. Property, plant and equipment with the exception of leasing vehicles are depreciated over its useful life taking into account residual values, where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

2. Accounting policies continued

Other accounting policies continued

Property, plant and equipment continued

The actual lives and usage of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives and usage, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The following methods and rates were used during the year to depreciate property, plant and equipment to estimated residual values:

Freehold and leasehold buildings	Straight line	5 years
Vehicles	Straight line	5 to 10 years
Leasing vehicles	Straight line	5 to 10 years
Plant, equipment, computers and furniture	Straight line	3 to 20 years

Freehold and leasehold land is not depreciated.

Leasing vehicles

Vehicles for leasing which are leased to customers for periods ranging from 12 to 60 months are accounted for as part of property, plant and equipment. Once a vehicle is no longer utilised as part of the leasing fleet, it is transferred to inventory. This accounting treatment is applied where it is in the ordinary course of the Group's activities to routinely sell vehicles which have reached the end of their useful lives or the end of the related contracts. The transfer of such vehicles to inventories is done at the vehicle's carrying amount. The proceeds from the sale of such vehicles are recognised as revenue and carrying amount as cost of sales.

Gains and losses on disposal of other items of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in profit or loss.

Intangible assets

Intangible assets are initially recognised at cost. Intangible assets are not revalued.

Computer software

Expenditure associated with developing or maintaining computer software programs is recognised as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Computer software and development costs recognised as assets are amortised using the straight-line method over their useful lives once the computer software has been brought into use.

The carrying amount of computer software and development costs is reviewed annually and adjusted for impairment when there are indications of impairment.

Intangible asset useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The useful life of computer software is considered to be 7 years from when it is brought into use.

Capitalised licence fee

Expenditure associated with the right to conduct business activities under a recognised brand is capitalised and recognised as an expense over the period that the right to conduct business endures.

The licence covers the period for the next 15 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

2. Accounting policies continued

Other accounting policies continued

Interest in joint ventures

The Group has an investment in a joint venture in which it holds 50% equity interests. This investment is not controlled because the Group does not have the power to direct the relevant activities, but rather through unanimous consent. Furthermore, there are no other arrangements granting the Group this power over the relevant activities or, which are decided through majority vote of the Board.

The joint venture is measured using the equity method of accounting, applying the Group's accounting policies, from the acquisition date to the disposal date. The most recent audited annual financial statements of the joint venture are used, which are within three months of the Year-end of the Group. Adjustments are made to the joint venture's financial results for material transactions and events in the intervening period.

When the Group's share of losses or reversal of unrealised gains equals or exceeds its interest in the entity, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Rental vehicles

Vehicles held for rental purposes are held for a period of up to 12 months and are generally transferred to inventory at their calculated residual values. Rental vehicles are depreciated by 20% to residual values. The Group classifies rental vehicles as current assets since they are held for rental for a period of less than 12 months in terms of the novated licence agreements with Avis Budget Group and are then subsequently sold in the ordinary course of business. The transfer of such assets to inventories is done at the assets' carrying amount. The proceeds from the sale of such assets are recognised as revenue and carrying amount as cost of sales.

The Group classifies rental vehicles as current assets when they are held for rental for a period less than 12 months and then subsequently held for sale. These assets are primarily realised through sale after being rented to customers for less than a period of 12 months.

Inventories

Inventories consist of the following:

- Used vehicles
- Consumables – tracking units
- Other inventory including spare parts
- Work in progress

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the net selling price in the ordinary course of business less selling expenses.

Specific identification basis is used to arrive at the cost (carrying amount) of motor vehicles as the items are not interchangeable. The first in, first out method is used to arrive at the cost of consumables and other inventory. Work progress includes the cost of spares, consumables and allocation of labour and overhead costs.

Allowance for net realisable value of inventory is assessed at every reporting date taking into account the ageing and the current market demand for such items

Rental vehicles and leasing vehicles that become available for sale after being removed from rental vehicles and leasing vehicles are transferred to inventories at their carrying amount. Sale proceeds from such rental assets are recognised as revenue.

2. Accounting policies continued

Other accounting policies continued

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The provision is recognised at the best estimate of the consideration required to settle the obligations at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of time value of money is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current assessments of the time value of money and the risk specific to the liability. The unwinding of the discount in subsequent financial periods is recognised as an expense in profit or loss under finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset when it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Maintenance cost: The Group has entered into profit share agreements with some customers and original equipment manufacturers. A provision is raised for the share of the profits that will be payable to the external party when the related vehicle is sold or when the lease agreement is terminated. The types of profit share are maintenance profit or loss and profit or loss on sale of vehicle.

Included in other provisions

Leave pay: Employee entitlements to annual leave are recognised when these accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Licence fees: Licence fees are collected on a monthly basis from the customer for the duration of the lease. These fees are recorded in a provision for licence account and payments for the annual renewal of the vehicle licence are recorded against the provision. At the end of the contract any over or under recovery is recognised in profit or loss.

Financial assets and financial liabilities (financial instruments)

The Group's financial instruments comprise:

Financial assets

- Trade and other receivables
- Cash and cash equivalents
- Finance lease receivables
- Investments

Financial liabilities

- Bank overdrafts
- Short-term loans
- Floorplans from suppliers
- Trade and other payables
- Long-term loans

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

2. Accounting policies continued

Other accounting policies continued

Financial assets and financial liabilities (financial instruments) continued

Classification of financial assets

Financial assets are classified in their entirety based on how their performance is managed and evaluated (business model), and the characteristics of their contractual cash flows. The Group measures financial assets initially at fair value plus transaction costs, for instruments measured at amortised cost, and subsequently at amortised cost. The Group's principal financial assets are trade and other receivables, finance lease receivables and cash and cash equivalents.

Financial assets at amortised cost are classified and subsequently measured using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets or a financial liability or, where appropriate, a shorter period. Interest is recognised on an effective interest basis for debt instruments.

Trade and other receivables are initially recognised when the business becomes party to a contract. The provisions of the instrument are subsequently measured at amortised cost less expected credit loss.

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, short-term money market instruments and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at amortised cost. Foreign cash balances are translated using the exchange rate at the reporting date. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Finance lease receivables: The accounting policy for finance lease receivables is included in the accounting policy for leasing.

Derecognition of financial assets

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

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

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

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

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition. All financial liabilities are initially recognised at fair value net of directly attributable transaction costs, in the case of instruments measured at amortised cost and subsequently measured at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

2. Accounting policies continued

Other accounting policies continued

Financial liabilities and equity instruments issued by the Group continued

Classification as debt or equity continued

Liabilities at amortised cost are stated at amortised cost using the effective interest rate method. Amortised cost is calculated considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Amortisation costs are recognised in finance costs in profit or loss in accordance with the Group's policy on borrowing costs.

All financial liabilities are classified and measured at amortised cost unless they meet the criteria for classification at fair value through profit or loss. The Group has the following financial liabilities which are all measured at amortised cost:

- Long-term loans
- Floorplans from suppliers
- Trade and other payables
- Short-term loans
- Bank overdraft

The interest rates as per the agreements/contracts equal the effective interest rate of these financial liabilities.

Financial liabilities are stated at their carrying amount, which is considered to approximate fair value because of the short-term duration or market-related interest rates.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire, or when they are converted to equity.

Post-employment benefit obligations

It is the policy of the Group to encourage, facilitate and contribute to the provision of retirement benefits for all permanent employees. To this end, the Group's permanent employees are usually required to be members of either a pension or provident fund, depending on their preference and local legal requirements.

Payments to defined contribution plans are recognised as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Leasing

The Group adopted IFRS 16 on 1 October 2019 and elected to apply the modified retrospective approach with the net impact of the first-time adoption of IFRS 16 recognised in retained earnings. The Group applied the exception for short-term leases (lease term of less than 12 months) and leases of low value (R85 000) assets. The adoption of the new standard had the most impact on the Group's property operating leases that were capitalised on 1 October 2019 for the first time. The lessor accounting has remained primarily the same and therefore there was no financial impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

2. Accounting policies continued

Other accounting policies continued

Leasing continued

The following practical expedients were applied by the Group on adoption of IFRS 16:

- No application of IFRS 16 to leases that were previously assessed not to contain a lease.
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term was not amended.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate was not applied.
- Lease components were separated from non-lease components and account for each separately.

In terms of IFRS 16 Leases the Group assesses whether a contract is or contains a lease, at inception of the contract.

- In the capacity of a lessor

  Leasing vehicles leased to customers for periods ranging from 12 to 60 months are classified as finance leases. Rental income from shorter term fleet management solutions and short-term vehicle rentals (rental income from operating leases, net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

- In the capacity of a lessee

  The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (R85 000). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

  Right-of-use assets are carried at their cost less any accumulated depreciation and any impairment losses.

Lease term

The lease term is the non-cancellable period of the lease plus any optional renewal period less any optional early terminations where it is reasonably certain that the options will be exercised. The lease term was determined considering these options, where applicable, and involves judgement to determine whether the options will be exercised on a lease-by-lease basis.

Lease payments are allocated between finance costs and the capital repayments, using the effective interest method.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Right of use assets are depreciated over the shorter of the lease term or their useful lives using the following methods and rates:

Land and buildings	Straight line	20 to 50 years

2. Accounting policies continued

Other accounting policies continued

Share-based payments

Forfeitable share plan ("FSPs")

FSPs granted to employees for services rendered or to be rendered are raised as a liability and recognised in profit or loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is measured annually until settled and any changes in value are recognised in profit or loss.

Fair value is measured using a binomial pricing model.

Contract liabilities

A contract liability to incur contractual costs of service, maintenance, and warranty work to be carried out in the future and the unearned margin to be recognised over the life of the plans is recognised. Actuarial experts are used to determine the inputs required to establish the adequacy of the liability and the resulting revenue to be recognised and the final liability. This valuation takes into account the future usage; maintenance, tyres and service costs of each vehicle projected based on the estimated future usage; and the experience adjusted maintenance tables. Funds for which there are insufficient claims history are recognised in profit or loss to the extent of the claims cost incurred without any profits being attributed.

At the end of the plan, any remaining profits are recognised in profit or loss.

Group classification of cash flow activities

For the purposes of the cash flow statement, the following are classified as operating activities due to the nature of the operations they relate to:

- Investment in rental vehicles
- Investment in leasing vehicles
- Disposal of rental vehicles
- Disposal of leasing vehicles

3. Non IFRS measures

EBITDA

EBITDA refers to earnings before interest, taxation, depreciation, amortisation, and impairment of property, plant and equipment, intangible assets and rental vehicles.

Capital items

Capital items refer to expenses/income that are unrelated to the Group's core operations and fall outside the normal course of business. Items of income/expense included in capital items are consistent with items that are 'out of' (excluded from) headline earnings per share ("HEPS") in accordance with the JSE Listings Requirements and guidance published by the South African Institute of Chartered Accountants relating to HEPS.

4. Revenue

R'000	(Audited) 2022	(Unaudited) 2021
Revenue recognised in terms of IFRS 15:	**6 328 356**	5 855 013
Recognised at a point of time		
Sale of rental vehicles (recognised at a point in time)	**3 586 053**	3 951 617
Recognised over time		–
Rendering of service	**60 833**	172 815
Rentals (outside the scope of IFRS 16)	**2 642 293**	1 683 544
Commissions	**39 177**	47 037
Revenue recognised in terms of IRFS 16: (recognised over time)	**1 852 152**	1 816 612
Leasing income	**1 730 577**	1 674 796
Rental income	**121 575**	141 816
	8 180 508	7 671 625

Contract liabilities

Contract liabilities relates to the Group's obligation to incur contractual costs of service, maintenance, and warranty work to be carried out in the future and the unearned margin to be recognised over the life of the contract.

	2022	2021
Amounts recognised in revenue	**60 833**	172 814
The transaction price allocated to partially unsatisfied performance obligations at 30 September are as set out below:		
Within one year	**346 679**	330 122
Two to five years	**500 457**	445 074
Amounts to be recognised over time	**847 136**	775 196

5. Other operating income

	2022	2021
Dividend income from insurance companies*	**–**	12 224
Sundry income**	**116 910**	187 531
	116 910	199 755

* *Dividend income from insurance companies comprises dividend income received from cell captive on finance and insurance products sold at the counters.*
** *Sundry income comprises purchase-related income, used car recoveries, administration fees and rental income received for buildings that have been subleased.*

6. Operating profit

R'000	(Audited) 2022	(Unaudited) 2021
Net expenses	**(6 823 281)**	(6 817 548)
Cost of sales	**(4 639 328)**	(5 046 692)
Other operating income	**116 910**	199 755
Impairment of receivables	**(32 776)**	(65 402)
Operating expenses excluding capital items	**(2 268 087)**	(1 905 209)
Operating expenses excluding capital items include the following:		
IFRS 2 charges	**(13 964)**	(22 448)
IFRS 2 – cash settled	**–**	1 086
IFRS 2 – equity-settled	**(7 518)**	(9 787)
IFRS 2 – B-BBEE	**(6 445)**	(13 747)
Staff costs	**(623 919)**	(623 888)
Contributions to retirement and medical funds	**(88 019)**	(75 059)
Depreciation	**(72 804)**	(68 778)
Buildings	**(5 243)**	(4 902)
Plant, equipment, computers and furniture	**(12 321)**	(13 279)
Vehicles	**(224)**	(248)
Right of use assets	**(55 015)**	(50 349)
Amortisation of intangible assets	**(1 599)**	(960)
Computer software	**(752)**	(114)
Trademarks and other	**(847)**	(847)
Net loss on rental and leasing vehicles*	**(96 510)**	(85 416)
Operating lease charges	**(122 289)**	(83 977)
Audit fee	**(15 432)**	(10 604)
Fees for other services	**(54 784)**	(37 714)
Management fees	**(14 044)**	(7 805)
Corporate social investment spend	**(7 441)**	(9 100)
Restructuring costs	**(786)**	(984)

* *The net loss arises when there are vehicles stolen, hijackings and vehicles written off whilst they are moving within the cycle.*

Operating profit is stated after the following items:

R'000	(Audited) 2022	(Unaudited) 2021
Motor vehicle expenses	**(298 566)**	(281 522)
Sales and advertising	**(202 111)**	(101 050)
Other office expenses	**(145 119)**	(90 544)
Rental expenses	**(108 599)**	(73 612)
Licence fees	**(133 627)**	(88 893)
Other operating expenses**	**(301 251)**	(308 255)
Number of employees at year end	**1 660**	1 292

** *Other operating expenses includes bad debt written off, other employee-related costs and repairs and maintenance.*

7. Finance income

R'000	(Audited) 2022	(Unaudited) 2021
Interest received		
Deposits	**2 212**	3 707
Banks	**3 438**	1 480
Group companies	**–**	46 978
SARS	**397**	284
Other	**–**	8
	6 047	52 457

8. Finance costs

R'000	(Audited) 2022	(Unaudited) 2021
Interest paid		
Long-term loans	**322 828**	244 687
Lease liability	**49 892**	51 400
Floorplans from suppliers	**2 443**	1 068
Overdraft and short-term loans	**13 881**	24 357
	389 044	321 512

9. Foreign exchange losses

R'000	(Audited) 2022	(Unaudited) 2021
Unrealised	**(62 558)**	(28 877)
Realised	**23 502**	1 327
	(39 056)	(27 550)

10. Capital items

R'000	(Audited) 2022	(Unaudited) 2021
Impairment of intangible assets	**54 249**	–
Impairment of investment in associate	**126**	–
Loss on disposal of plant and equipment excluding rental assets	**5**	–
	54 380	–

11. Taxation

R'000	(Audited) 2022	(Unaudited) 2021
South African normal taxation		
Current taxation		
Current year	(288 627)	(165 032)
Prior year	(24 525)	(968)
	(313 152)	(166 000)
Deferred taxation		
Current year	4 119	9 711
Prior year	26 242	136
Attributable to change in rate of income tax	3 692	
	34 053	9 847
Withholding tax	(4 290)	(4 774)
Foreign normal taxation		
Current taxation		
Current year	(28 198)	(33 364)
Prior year	27	1 890
	(28 171)	(31 474)
Deferred taxation		
Current year	(914)	3 158
Prior year	637	(543)
	(277)	2 615
Withholding tax	–	(7 929)
Total taxation charge	(311 837)	(197 715)

Zeda Limited operates in several countries in Africa and accordingly is subject to and pays annual income taxes under the various tax regimes in the countries in which it operates. The Group has historically filed and continues to file all required income tax returns and to pay the taxes reasonably determined to be due. In some countries tax authorities are yet to complete their assessment for previous years. The tax rules and regulations in many countries are highly complex and subject to interpretation. From time to time the Group is subject to review of its historic income tax filings, and in connection with such reviews, disputes can arise with the tax authorities over the interpretation or application of certain rules in respect of the Group's business conducted within the country involved. Significant judgement is involved in determining the worldwide provisions for income taxes due to the complexity of the legislation. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Reconciliation of the effective tax rate to the statutory tax rate:

	(Audited) 2022	(Unaudited) 2021
Effective tax rate	35.4%	35.2%
Prior year under provision	0.3%	0.1%
Impairment of intangible assets	(1.7)%	–
Non-deductible expenses**	(3.5)%	(5.8)%
IFRS 2 share-based payment adjustments	(0.1)%	–
Dividends received	–	0.6%
Foreign rate differential	(1.3)%	(0.6)%
Rate change adjustment*	(0.4)%	–
Changes in tax losses not accounted for in deferred tax	0.1%	0.5%
Incentive allowances	–	0.1%
Withholding tax	(0.5)%	(2.3)%
Share of joint venture profit after tax	–	0.2%
Statutory tax rate	28.0%	28.0%

* *The rate change adjustment is mainly attributable to the impact on deferred tax balances of the change in the South African corporate tax rate from 28% to 27% which, despite only applying to the Group with effect from 1 October 2022, has been substantively enacted.*
** *Non-deductible expenses relate largely to fines and penalties, expenses not in the production of income. IFRS 2 charges, depreciation not allowed, repairs of a capital nature and non-deductible foreign exchange losses.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

12. Earnings and headline earnings per share

Basic earnings per share is derived by dividing profit or loss attributable to the equity holders of Zeda Limited for the period by the weighted average number of shares in issue. Appropriate adjustments are made in calculating diluted and headline earnings per share.

Headline earnings has been calculated and disclosed in accordance with the JSE Listings Requirements, and in terms of circular 1/2021 issued by SAICA. Disclosure of headline earnings is not a requirement of IFRS, but it is a commonly used measure of earnings in South Africa that is more closely aligned to the operating activities of the entity. The items excluded from the calculation of headline earnings meet the definition of separately identifiable remeasurements as defined in circular 1/2021. The table below reconciles the profit for the financial year to headline earnings:

R'000	(Audited) 2022	(Unaudited) 2021
Reconciliation of headline earnings/(loss)		
Profit attributable to the shareholders	561 416	360 225
Adjusted for:		
Impairment of intangible assets	54 249	–
Impairment of investment in associate	126	–
Loss on disposal of property, plant and equipment	5	–
Tax effects of above items:		
Profit on disposal of property, plant and equipment excluding leasing vehicles	(1)	–
Headline earnings	615 795	360 225

	2022 Number of shares	2021 Number of shares
Weighted average number of ordinary shares in issue (000)	189 642	189 642
Diluted weighted average number of ordinary shares (000)	189 642	189 642

The weighted average number of ordinary shares in issue and diluted weighted average number of shares in issue are the same as there are no dilutive instruments in issue.

	2022 cents	2021 cents
Earnings per share		
Basic	296.00	190.00
Diluted	296.00	190.00
Headline earnings per share		
Basic	324.70	190.00
Diluted	324.70	190.04

13. Property, plant and equipment

R'000	(Audited) 2022 Cost	(Audited) 2022 Accumulated depreciation and impairment	(Audited) 2022 Carrying amount	(Unaudited) 2021 Cost	(Unaudited) 2021 Accumulated depreciation and impairment	(Unaudited) 2021 Carrying amount
Freehold and leasehold land	110 504	(36 683)	73 821	112 229	(35 427)	76 802
Freehold and leasehold buildings	147 210	(123 690)	23 520	156 621	(120 810)	35 811
Plant, equipment, computers and furniture	142 125	(124 152)	17 973	132 187	(110 494)	21 693
Vehicles	4 273	(4 045)	228	4 273	(3 822)	451
Leasing vehicles	5 154 766	(1 645 652)	3 509 114	5 183 494	(1 721 826	3 461 668
	5 558 878	(1 934 222)	3 624 656	5 588 804	(1 992 379)	3 596 425
Classified as held for sale (refer note 25)	–	–	–	(12 639)	–	(12 639)
	5 558 878	(2 579 940)	3 624 656	5 576 165	(1 992 379)	3 583 786

Movement in the carrying amount of property, plant and equipment during the year:

(Audited) 2022

R'000	Freehold and leasehold land	Freehold and leasehold buildings	Plant, equipment, computers and furniture	Vehicles	Leasing vehicles	Total
At the beginning of the year	76 802	35 811	21 693	451	3 461 668	3 596 425
Additions	–	–	9 748	–	1 561 728	1 571 476
Disposals	(4 235)	(8 404)	(194)	–	(54 093)	(66 926)
Transfers to inventory**	–	–		–	(721 587)	(721 587)
Depreciation	–	(5 243)	(12 321)	(223)	(773 274)	(791 062)
Translation difference	1 254	1 356	(952)	–	34 672	36 330
At the end of the year	**73 821**	**23 520**	**17 973**	**228**	**3 509 114**	**3 624 656**

(Unaudited) 2021

R'000	Freehold and leasehold land	Freehold and leasehold buildings	Plant, equipment, computers and furniture	Vehicles	Leasing vehicles	Total
At the beginning of the year	73 263	31 185	33 035	808	3 674 535	3 812 826
Additions	4 235	9 729	4 868	167	1 329 865	1 348 864
Disposals		(9)	(2 903)	(276)	(46 576)	(49 764)
Transfers to inventory**	-				(718 938)	(718 938)
Depreciation	-	(4 902)	(13 279)	(248)	(751 834)	(770 263)
Translation difference	(696)	(192)	(28)	-	(25 384)	(26 300)
At the end of the year	76 802	35 811	21 693	451	3 461 668	3 596 425

** *In the normal course of business reclassifications within leasing assets relates to assets that are recognised as property, plant and equipment and reclassified to inventory during the current year.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

14. Right-of-use assets

R'000	(Audited) 2022 Cost	(Audited) 2022 Accumulated depreciation and impairment	(Audited) 2022 Carrying amount	(Unaudited) 2021 Cost	(Unaudited) 2021 Accumulated depreciation and impairment	(Unaudited) 2021 Carrying amount
Properties	448 224	(152 390)	295 834	441 028	(110 011)	331 017

Movement in the carrying amount of right of use assets during the year:

R'000	(Audited) 2022	(Unaudited) 2021
At the beginning of the year	331 017	362 921
Additions	27 459	18 792
Disposals	(8 667)	(235)
Depreciation	(55 015)	(50 349)
Translation difference	1 040	(112)
At the end of the year	**295 834**	331 017

15. Goodwill

R'000	(Audited) 2022 Cost	(Audited) 2022 Accumulated impairment	(Audited) 2022 Carrying amount	(Unaudited) 2021 Cost	(Unaudited) 2021 Accumulated impairment	(Unaudited) 2021 Carrying amount
Goodwill	27 613	(10 824)	16 789	27 613	(10 824)	16 789

Movement in the carrying amount of goodwill during the year:

R'000	(Audited) 2022	(Unaudited) 2021
At the beginning of the year	16 789	16 725
Additions	–	64
At the end of the year	16 789	16 789

Goodwill is allocated to the appropriate cash-generating unit ("CGU") based on which CGU is expected to benefit from the synergies arising in a business combination. External and internal factors surrounding the business operations play a role in determining an indication of impairment. In addition, the carrying amount of goodwill is subject to an annual impairment test.

Impairment of goodwill arises when the recoverable amount of the CGU, including goodwill, is less than the carrying amount. The recoverable amount is determined as the greater of the fair value less costs to sell or the value in use.

The key assumptions used in the value-in-use calculation for the CGUs shown above are as follows:

- The pre-tax discount rate applied to the five-year forecast period has been outlined for each cash generating unit in the table below. The pre-tax discount rates applied to cash flow projections are based on a country or region-specific pre-tax discount rate, dependent upon the location of cash-generating operations.
- At each impairment testing interval a discounted cash flow valuation model is applied using a five-year strategic plan as approved by the Board. The financial plans are the quantification of strategies derived from the use of a common strategic planning process followed across the Group adjusted for the estimated impact of Covid-19 on the various businesses in the medium term and the expected prolonged recovery from this global crisis which has impacted long-term growth rates across our businesses. The process ensures that significant risks and sensitivities are appropriately considered and factored into strategic plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

15. Goodwill continued

The pre-tax nominal discount rates applied are as follows:

Significant cash-generating units (CGUs)	Geographical location	Currency	(Audited) 2022	(Unaudited) 2021
Car Rental Business	sub-Saharan Africa	ZAR	19.7%	26.9%
Leasing Business	sub-Saharan Africa	ZAR	19.7%	26.1%

Long-term growth rates applied to extrapolate cash flows are as follows:

Significant cash-generating units (CGUs)	Geographical location	Currency	(Audited) 2022	(Unaudited) 2021
Car Rental Business	sub-Saharan Africa	ZAR	4.6%	4.6%
Leasing Business	sub-Saharan Africa	ZAR	4.6%	4.6%

Key operations assumptions:

Sales growth rates: Sales growth rates have been derived by analysing historical data, considering growth rates projected by the senior management teams which include price and volumes, and considering the economic and trading conditions of each area within South Africa and sub-Saharan Africa.

Gross margins: Gross margins have been derived by analysing historical data, approved forecast gross margins for the forecast period, and considering the impact of currency fluctuations.

Operating costs: Operating costs have been derived by analysing historical data, considering economic and trading conditions, committed and uncommitted capital expenditure, and operating requirements coupled by various operational improvement initiatives.

Working capital: Working capital requirements are driven by required stock turn ratios, credit terms and capital expenditure requirements.

Long-term growth rates: Long-term growth rates are based on the longer term inflation and currency expectations for the various industries in South Africa and sub-Saharan Africa.

As at 30 September 2022, management has performed sufficient sensitivity analyses to conclude that a reasonably possible change in key assumptions would not cause the carrying amount of the Group's individual cash-generating units to exceed their value in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

16. Intangible assets

R'000	(Audited) 2022 Cost	(Audited) 2022 Accumulated depreciation and impairment	(Audited) 2022 Carrying amount	(Unaudited) 2021 Cost	(Unaudited) 2021 Accumulated depreciation and impairment	(Unaudited) 2021 Carrying amount
Computer software	92 213	(90 180)	2 033	90 701	(35 180)	55 521
Trademark and others	13 910	(7 632)	6 278	12 698	(5 573)	7 125
	106 123	(97 812)	8 311	103 399	(40 753)	62 646

Movement in intangible assets during the year:

R'000	(Audited) 2022 Computer software	Trademark and others	Total
At the beginning of the year	55 521	7 125	62 646
Additions	1 513	–	1 513
Amortisation	(752)	(847)	(1 599)
Impairment	(54 249)	–	(54 249)
At the end of the year	2 033	6 278	8 311

R'000	(Unaudited) 2021 Computer software	Trademark and others	Total
At the beginning of the year	55 329	7 971	63 300
Additions	306	–	306
Amortisation	(114)	(846)	(960)
At the end of the year	55 521	7 125	62 646

Intangible assets that are material to the Group consist of software, trademarks and other.

Where assets have become technologically obsolete or can no longer contribute towards the Group and Company's revenue-generating capacity, the assets are written off or impaired.

Computer software of R54 249 043 was impaired during the current financial period as management decided to discontinue the development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

17. Investments in joint venture

R'000	(Audited) 2022	(Unaudited) 2021
Daysun Proprietary Limited: Investment in ordinary shares (50% held)	50%	50%
Investment	8 100	7 169
At the beginning of the year	7 169	2 606
Share of profit for the year	931	4 563
At the end of the year	8 100	7 169
Statement of financial position		
Non-current assets	6 111	3 519
Current assets	122 927	71 727
Non-current liabilities	(65 462)	(35 487)
Current liabilities	(47 375)	(25 421)
Net assets (100%)	16 201	14 338
Group's share of net assets (50%)	8 100	7 169
Income statement		
Revenue	12 068	19 575
Operating (loss)/profit	(900)	10 868
Net interest received	3 803	1 808
Income tax expense	(1 040)	(3 549)
Profit and total comprehensive income (100%)	1 862	9 127
Group's share of profit and total comprehensive income	931	4 563

Daysun Proprietary Limited is a joint venture that derives its income from rendering administrative services for maintenance contracts in South Africa.

There are no restrictions on the ability of the joint venture to transfer funds in the Group in the form of cash dividends or to repay amounts owing to the Group.

The Group has no commitments arising from its involvement with the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

18. Deferred taxation

R'000	(Audited) 2022	(Unaudited) 2021
Movement of deferred taxation		
At the beginning of the year		
– Deferred taxation assets	26 243	12 700
– Deferred taxation liabilities	(113 033)	(116 228)
Net deferred tax liability at the beginning of the year	(86 790)	(103 528)
Deferred taxation on adoption of new standards	–	–
Recognised in statement of profit or loss	33 776	12 515
– Current movements	3 205	13 029
– Prior year charge	26 879	(514)
– Attributable to change of rate in income tax	3 692	–
Arising on acquisition of subsidiaries	–	(50)
Translation differences	(3 571)	3 246
Accounted for directly in equity	–	1 027
Other movements	–	–
Net deferred tax liability at the end of the year	(56 585)	(86 790)
– Deferred taxation assets	117 842	26 243
– Deferred taxation liabilities	(174 427)	(113 033)
Analysis of deferred taxation by type of temporary difference		
Deferred taxation assets		
Property, plant and equipment	(97 142)	(7 284)
Right of use assets	44 598	(6 640)
Finance lease receivable	114	(1 007)
Receivables	6 683	10 667
Prepayments	(1 941)	(142)
Lease liabilities	13 270	14 723
Provisions and other non-current assets	84 584	6 524
Short-term loans	(864)	(269)
Trade creditors	107	–
Provisions and other current assets	1 330	1 349
Tax losses	67 024	9 671
Other	79	79
Non-operating capital items	(1)	–
	117 842	26 243
Deferred taxation liabilities		
Property, plant and equipment	(230 797)	(264 334)
Financial assets	(54 228)	(54 991)
Right of use assets	(175 784)	(122 819)
Receivables	79 050	81 795
Prepayments	(436)	(276)
Other current assets	970	909
Long-term loans	(461)	(1 337)
Lease liabilities	180 338	181 330
Provisions and other short-term payables	(37 719)	28 969
Short-term loans	125	(382)
Provisions and other current assets	60 213	34 494
Tax losses	5 172	4 518
Other	(869)	(285)
	(174 427)	(113 033)
Tax losses available for set off against future taxable income	320 809	100 404
Tax losses accounted for in deferred tax	(269 691)	(50 675)
Tax losses not accounted for in deferred tax	51 119	49 729

19. Finance lease receivable

R'000	(Audited) 2022	(Unaudited) 2021
Amounts receivable under finance leases		
Advances for instalment sales, leases, rentals and loans	243 016	231 551
Unearned finance charges	(40 355)	(29 302)
Total long and short-term finance lease receivables	202 662	202 249
Current portion of finance lease receivable	76 766	77 495
Non-current portion of finance lease receivable	125 896	124 754
Total long and short-term finance lease receivables	202 662	202 249
Finance lease receivables are recoverable as follows:		
Present value		
Year one	76 766	77 495
Year two	63 520	71 315
Year three	31 791	26 177
Year four	21 766	19 923
Year five	8 323	7 011
More than five years	497	328
Minimum lease payments		
Year one	80 852	80 739
Year two	67 907	–
Year three	49 494	–
Year four	30 948	–
Year five	12 956	150 328
More than five years	859	484
	243 016	231 551
Less: Unearned finance income	(40 355)	(29 302)
	202 662	202 249
Unguaranteed residual values of assets leased under finance leases	44 889	42 386

Long-term vehicle fleet is leased to customers for periods ranging from 18 to 72 months. The average lease term is 63 months (FY2021: 44 months) and the majority of these leases are at interest rates linked to the South African prime rate. The Group remains the title holder of the vehicles under finance lease and there are instances where surety or guarantees are held as collateral. Investment income earned on the net investment in the leases amounts to R27.3 million (FY2021: R30 million).

20. Share appreciation rights receivable

R'000	(Audited) 2022	(Unaudited) 2021
Forfeitable share plan		
At the beginning of the year	7 041	(16 117)
Current year charge for equity compensation in terms of IFRS 2	(13 964)	(23 534)
Share schemes cash payments	6 932	46 561
Other	–	131
At the end the year	9	7 041

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

21. Rental vehicles

	(Audited) 2022			(Unaudited) 2021		
R'000	Cost	Accumulated depreciation and impairment	Carrying amount	Cost	Accumulated depreciation and impairment	Carrying amount
Rental fleet	3 987 537	(175 532)	3 812 005	3 016 267	(197 794)	2 818 473

R'000	(Audited) 2022	(Unaudited) 2021
At the beginning of the year	2 818 473	1 889 311
Additions	3 773 869	3 605 937
Disposals	(98 098)	(86 792)
Depreciation	(647 982)	(547 703)
Transfers to inventory	(2 034 895)	(2 040 345)
Translation difference	728	(1 935)
At the end of the year	3 812 005	2 818 473

Security

Rental fleet consists mainly of short-term rental vehicles.

At Group, transfers were effected between rental fleet vehicles and inventory.

For additional information relating to rental fleet vehicles encumbered as security for "Floorplans from suppliers" refer to note 34.

22. Inventories

R'000	(Audited) 2022	(Unaudited) 2021
Used vehicles	451 518	286 561
Work in progress	5 727	5 727
Consumable stores	3 554	3 117
Other inventory	18 698	19 193
Total	479 498	314 598
Inventory provisions	(8 459)	(8 009)
Inventories	471 039	306 589
Inventory stated at net realisable value	471 039	306 589
Inventory charged to cost of sales	2 612 774	2 887 553
The value of inventories has been determined on the following basis:		
first in, first out	11 994	8 037
Specific identification	439 222	278 552
Weighted average	19 823	19 999
	471 039	306 589

Security

For additional information relating to used vehicle inventories encumbered as security for "Floorplans from suppliers" refer to note 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

23. Trade and other receivables

R'000	(Audited) 2022	(Unaudited) 2021
Trade receivables	1 451 690	1 311 335
Expected credit losses	(442 891)	(542 457)
Net trade and other receivables	1 008 798	768 878
Other financial assets		
Amount owing by holding company – interest-bearing*+	–	1 090 880
Amount owing by holding company – interest free*	–	1 470 689
Other short-term receivables	466 148	81 056
	1 474 946	3 411 503
Non-financial assets classified as other receivables		
Prepayments	23 761	14 622
	1 498 707	3 426 125
Movement in the allowance for expected credit loss is as follows:		
At the beginning of the year	(542 457)	(575 279)
Increase in allowance for expected credit loss	(80 886)	(90 606)
Allowance reversed to profit or loss	48 110	25 204
Unrecoverable credit losses written off	141 000	96 811
Translation difference	(8 658)	1 413
At the end of the year	(442 891)	(542 457)

The following table details the risk profile of trade receivables based on the Group's provision matrix.

R'000	Cross carrying amount	2022 Lifetime	Effective impairment
Annual credit losses written off			
At 30 September 2022 (Audited)			
Fully performing	760 521	(9 045)	1%
Up to 90 days past due	193 032	(16 468)	9%
91 days to 180 days past due	90 597	(58 796)	65%
181 days to 270 days past due	39 820	(34 943)	88%
Greater than 271 days past due	367 720	(323 640)	88%
	1 451 690	(442 891)	31%

At 30 September 2021 (Unaudited)	Cross carrying amount	2021 Lifetime	Effective impairment
Fully performing	609 164	(21 362)	4%
Up to 90 days past due	117 841	(10 901)	9%
91 days to 180 days past due	76 750	(39 395)	51%
181 days to 270 days past due	40 616	(34 743)	86%
Greater than 271 days past due	466 964	(436 056)	93%
	1 311 335	(542 457)	41%

* No credit loss was expected on the amounts owing by the holding company given the nature of the amounts owing.
\+ The amount owing by holding company – interest-bearing bore interest at an average interest rate of 6.18% per annum.

24. Cash and cash equivalents

R'000	(Audited) 2022	(Unaudited) 2021
Cash on hand	1 234	1 108
Cash in bank	305 293	81 865
Total cash and cash equivalents	306 526	82 973
Restricted cash held in terms of the ABSA loan facility*	147 502	–
Unrestricted cash	159 024	82 973
	306 526	82 973

* *Zeda Limited Car Leasing Proprietary Limited ("ZCL") received a loan from ABSA bank of R1.8 billion (refer note 29). The terms of the loan agreement state that ZCL must ensure that, at all times, an amount equal to interest payable by ZCL for a period of four months is deposited and maintained in the Security Deposit Account (owned by ZCL) and must ensure that, at all times, an amount equal to 5% of the loan is deposited and maintained in the Maintenance Account (owned by ZCL).*

These requirements also prevent the deposit accounts from being used for any purpose other than providing the lender (ABSA) with a right of set-off to secure repayment of the loan should ZCL default on scheduled payments.

The funds have been placed in an investment account to optimise interest income and ZCL will have access to the interest earned monthly.

Credit quality of cash and cash equivalents

It is Company policy to deposit cash with major banks and financial institutions with strong credit ratings. The calculated expected credit loss on cash and cash equivalents is immaterial and thus not accounted for.

25. Non-current asset classified as held for sale

Management was in negotiations to dispose of the ACS Centurion property included in the Car Rental Business which was surplus to requirements and concluded the disposal during the year. The property was classified as a non-current asset held for sale in the prior year.

The property was stated at the lower of carrying amount or fair value less costs to sell of R13 million which was determined in accordance with the agreement of sale with the purchaser.

R'000	(Audited) 2022	(Unaudited) 2021
Total assets classified as held for sale	–	12 639

26. Share capital

R'000	(Audited) 2022	(Unaudited) 2021
Authorised*		
2,000,000,000 ordinary shares of no par value		
Issued*		
189,641,787 ordinary shares of no par value	4 500 000	4 500 000

* *The authorised and issued share capital has been presented as if the Group had already existed before the start of the earliest period presented.*

Rights and restrictions related to share capital

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

27. Reserves

R'000	(Audited) 2022	(Unaudited) 2021
Merger reserve Arising on the acquisition of the Avis Southern Africa Proprietary Limited Group from Barloworld Limited. In terms of the book value accounting as detailed in the basis of preparation, the difference between the acquiree's share capital and the cost of investment is represented as a merger reserve directly in equity in the consolidated statement of financial position.	(4 474 011)	(4 474 011)
Foreign currency reserve The foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign subsidiaries.	35 116	(8 217)
Other reserves Legal reserve	24 027	24 980

The legal reserve comprises a reserve created in terms of legislation in Mozambique.

28. Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has non-controlling interest.

R'000	Zeda Car Rental Namibia Proprietary Limited	Zeda Namibia Proprietary Limited	Vuswa Fleet Services Proprietary Limited	Other	Total
Non-controlling percentage	25%	25%	40%		
Non-current assets	20 795	309 269	439	–	
Current assets	127 840	47 983	2 334	–	–
Non-current liabilities	(73 489)	42 305	22 901	–	–
Current liabilities	(54 758)	(273 659)	(12 416)	–	–
Net assets	20 388	125 898	13 259	–	–
Net assets attributable to non-controlling interest	(5 097)	(31 475)	(5 304)	(312)	(42 188)
Revenue	(135 767)	(157 545)	(1 462)	–	(294 774)
(Profit)/Loss for the period	(7 777)	(23 754)	(1 474)	–	(33 005)
Other comprehensive income	–	–	–	–	–
Total comprehensive (income)/loss	(7 777)	(23 754)	(1 474)	–	(33 005)
(Profit)/Loss allocated to non-controlling interest	(1 944)	(5 939)	(590)		(8 472)
Other comprehensive income allocated to non-controlling interest	–	–	–	–	–
Cash flows from operating activities	13 067	19 663	(3 032)	–	29 698
Cash flows from investment activities	(66)	(16)	–	–	(82)
Cash flows from financing activities	(5 348)	(28 404)	3 032	–	(30 719)
Net increase/(decrease) in cash and cash equivalents	7 654	(8 758)	–	–	(1 104)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

28. Non-controlling interest continued

R'000	Zeda Car Rental Namibia Proprietary Limited	Zeda Namibia Proprietary Limited	Vuswa Fleet Services Proprietary Limited	Total
30 September 2021 (Unaudited)				
Non-controlling percentage	25%	25%	40%	
Non-current assets	70 492	385 490	755	456 737
Current assets	96 213	79 134	30 548	205 895
Non-current liabilities	(108 551)	(86 311)	(1 089)	(195 951)
Current liabilities	(45 542)	(266 389)	(18 426)	(330 357)
Net assets	12 612	111 924	11 788	136 324
Net assets attributable to non-controlling interest	(3 153)	(27 981)	(4 715)	(35 849)
Revenue	(107 685)	(143 885)	(1 761)	(253 331)
Loss/(profit) for the year	4 541	(17 065)	(2 411)	(14 935)
Other comprehensive income	–	–	–	-
Total comprehensive income for the year	4 541	(17 065)	(2 411)	(14 935)
Loss/(profit) allocated to non-controlling interest	1 135	(4 266)	(964)	(4 095)
Cash flows from operating activities	–	–	–	-
Cash flows from investment activities	(16 046)	26 865	(3 726)	7 093
Cash flows from financing activities	(193)	(10)	3 726	3 523
Net (decrease)/increase in cash and cash equivalents	15 258	(20 388)	–	(5 130)
Net (decrease)/increase in cash and cash equivalents	(981)	6 467	–	5 486

Amalgamated Fleet Services Ghana Limited, which has a 10% non-controlling interest is dormant with no trading assets and liabilities.

29. Long-term interest-bearing borrowings

R'000	(Audited) 2022	(Unaudited) 2021
ABSA Group Limited The loan from ABSA Group Limited bears interest at 9.31% and is repayable from 2023 to 2026. It is secured by a special notarial bond over vehicles in Zeda Limited Car Leasing and the cession of the Zeda Limited Car Leasing shares held by Avis Southern Africa Proprietary Limited.	1 583 599	-
Daimler Truck Financial Services Proprietary Limited The loan bears interest at 9.75% and is repayable by 3 January 2024.	24 532	
Barloworld Limited The loan from Barloworld bears interest at 9.31% (2021: 6.18%) and is repayable in 2023.	300 000	4 380 522
	1 908 131	4 380 522

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

30. Lease liability

R'000	(Audited) 2022	(Unaudited) 2021
At the beginning of the year	563 530	581 548
Liability arising on a new lease entered into during the year	27 460	18 792
Repayments of lease obligation (cash flow excluding interest component)	(61 922)	(39 196)
Liability adjustments upon entering into modifications of lease items during the year	1 237	2 476
Translation adjustment	(7 236)	(90)
At the end of the year	523 070	563 530
Payable within one year included in current liabilities	(88 280)	(42 360)
Long-term portion of lease liabilities	434 790	521 170
Lease liabilities relate to land and buildings	523 070	563 530
The undiscounted maturity analysis of lease liabilities is as follows:		
Within one year	95 963	93 798
Between two to five years	379 308	287 176
Five years and beyond	246 083	335 525
	721 354	716 499

The Group entered into lease agreements for the lease of properties.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using its assessed incremental borrowing rate.

The Company has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low-value assets.

Payments under these leases are expensed on a straight-line basis.

In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. The properties are often embedded with renewal options which are factored into the calculation of lease liabilities and right of use assets. Upon renewal an addendum is added to the original lease agreement.

For more information on the Company's liquidity risk and interest rate risk management, refer to note 43.

R'000	(Audited) 2022	(Unaudited) 2021
Short-term and low-value asset lease payments	51 985	41 691
Variable lease payments	70 304	42 199
Total lease payment for the year including short-term leases	122 289	83 977

31. Contract liabilities

R'000	(Audited) 2022	(Unaudited) 2021
Current portion	346 679	330 122
Non-current portion	500 457	445 074
	847 136	775 196
Movement in contract liabilities during the year		
At the beginning of the year	775 195	744 088
New contracts	561 541	497 443
Amounts recognised in revenue	(11 277)	(14 441)
Amounts used	(354 758)	(312 180)
Unwinding of discount on present value amounts	(125 325)	(140 204)
Translation differences	1 760	490
At the end of the year	847 136	775 196

Contract liabilities comprise contractual costs of service, maintenance, and warranty work to be carried out in the future.

Refer to note 4 for the transaction price allocated for partially satisfied/unsatisfied performance obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

32. Provisions and other accruals

R'000	(Audited) 2022	(Unaudited) 2021
Provision for maintenance cost		
At the beginning of the year	39 599	39 182
Additional provision recognised	1 239	21 056
Utilised during the year	(5 467)	(20 197)
Amounts released to income	(339)	(442)
At the end of the year	35 032	39 599
Provision for FSP and SARS cash settled		
At the beginning of the year	–	2 371
Additional provision recognised	–	(999)
Utilised during the year	–	(697)
Amounts released to income	–	(675)
At the end of the year	–	–
Provision for retirement benefits		
At the beginning of the year	895	–
Additional provision recognised	66	–
Utilised during the year	(36)	–
At the end of the year	925	–
Other provisions and accruals		
At the beginning of the year	97 317	93 009
Additional provision recognised	72 013	57 488
Utilised during the year	(29 937)	(38 328)
Amounts released to income	(10 663)	(13 595)
Translation movements	795	(362)
At the end of the year	129 524	98 212
Balance at the end of the year	165 482	137 811
Disclosed as		
Non-current	21 019	24 144
Current	144 463	113 667
	165 482	137 811
Provision to be utilised as follows:		
Within one year	144 463	113 667
Between two and five years	21 019	23 759
More than five years	–	385
	165 482	137 811

Maintenance costs

This relates to deferred revenue on maintenance and repair contracts on motor vehicles. Assumptions include the estimation of maintenance and repair costs over the life cycle of the assets concerned. The timing of these cash flows is an element of judgement.

Other provisions and accruals

Other provisions include various small amounts making up a large total, mainly driven by the licence fee provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

33. Bank overdraft and short-term interest-bearing borrowings

R'000	(Audited) 2022	(Unaudited) 2021
Bank overdrafts	**240 202**	321 088
Short-term interest-bearing borrowings		
Short-term interest-bearing borrowings	247 753	127 134
Rand Merchant Bank – bearing interest at 6.9% and is repayable on demand	195 899	127 134
Standard Bank Limited – bearing interest at prime less 0.75% and is repayable within 6 months	51 854	–
Current portion included in short-term interest-bearing borrowings	1 241 749	–
ABSA Group Limited	290 635	–
Daimler Truck Financial Services Proprietary Limited	15 566	–
Barloworld Limited	935 548	–
Total	**1 489 502**	127 134

34. Floorplans from suppliers

R'000	(Audited) 2022	(Unaudited) 2021
Standard Bank Limited. Wholesale finance fleet saver facility	874 299	–
The facility bears interest at prime less 0.75%		
Standard Bank Limited. Wholesale finance facility	111 831	–
The facility bears interest at prime less 0.75%		
ABSA Group Limited	–	176 959
The facility bears interest at prime less 0.50%		
	986 130	176 959

Floorplans from suppliers consist of interest-bearing facilities provided by the finance provider. The floorplans are secured by the vehicles that have been purchased using these facilities and are included under the rental fleet and inventories (refer to note 22).

These terms and conditions are stated in the term sheets which require the Wholesale finance fleet saver facility to be used to fund the acquisition of new motor vehicles and the Wholesale finance facility is used to fund the acquisition of used vehicles not older than 10 years.

The ABSA floorplan facility was repaid in full during the 2022 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

35. Trade and other payables

R'000	(Audited) 2022	(Unaudited) 2021
Trade payables	1 582 572	1 221 325
Trade accruals	512 597	715 160
Payroll expenses	132 519	152 720
Audit fees	5 765	5 966
	2 233 453	2 095 171
Non-financial liabilities		
Leave pay	36 747	35 760
VAT payable	62 184	10 803
Other business taxes	7 353	6 462
	2 339 737	2 148 196

36. Cash generated by operations

R'000	(Audited) 2022	(Unaudited) 2021
Profit before taxation	881 725	562 035
Operating cash flows adjustments for:		
Amortisation	1 599	960
Depreciation of property, plant and equipment	791 062	770 263
Depreciation of rental vehicles	647 982	547 703
Depreciation of right of use assets	55 015	50 349
Dividends received	–	(12 224)
Interest received	(6 047)	(52 457)
Foreign exchange losses	39 056	27 550
Interest paid on interest-bearing borrowings	339 152	270 112
Interest paid on lease liability	49 892	51 400
Loss on rental and leasing vehicles	96 510	85 416
Loss on disposal of property, plant and equipment (excluding rental and leasing vehicles)	5	–
Impairment of intangible assets	54 249	–
Impairment of investment in associate	126	–
Loss on modification of leases	9 904	2 476
Increase in provisions	27 671	3 611
Share of joint venture profit after tax	(931)	(4 563)
Decrease in provision for expected credit losses	(99 565)	(31 409)
Revaluation of investments	(413)	
IFRS 2 charge	13 964	23 534
Operating cash flows before movements in working capital	2 900 956	2 294 756
Working capital movements		
Decrease in inventories	2 592 122	2 983 849
Decrease/(increase) in trade and other receivables	2 025 524	(1 129 982)
Increase in contract liabilities	70 180	30 619
Increase in trade and other payables	191 541	839 578
Cash generated from operations before investment in leasing and car rental operations	7 780 323	5 018 820
Investment in leasing vehicles	(1 561 728)	(1 329 865)
Proceeds on disposal of leasing vehicles	55 681	47 952
Investment in rental vehicles	(3 773 869)	(3 605 937)
(Increase)/decrease in finance lease receivable	(413)	21 819
Cash generated from operations	**2 499 994**	152 789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

37. Taxation paid

R'000	(Audited) 2022	(Unaudited) 2021
Amount receivable at the beginning of the year	79 808	71 470
Charged to profit or loss during the year	(345 210)	(211 460)
Translation difference	1 384	613
Amount payable/(receivable) at the end of the year	13 625	(79 808)
	250 393	(219 185)

38. Cash flow from financing activities

R'000	At beginning of year	Advanced during the year	Repaid during the year	Interest charged	Interest paid	Other	At end of year
At 30 September 2022 (Audited)							
Long-term interest-bearing borrowings	4 380 522	1 914 332	(3 144 974)	322 828	(322 828)	–	3 149 880
Lease liability	563 530	27 460	(61 922)	49 892	(49 892)	(5 998)	523 070
Bank overdraft	321 088	–	(80 886)	13 881	(13 881)	–	240 202
Short-term loans	127 134	120 619	–	–	–	–	247 753
Floorplans from suppliers	176 959	986 130	(176 959)	2 443	(2 443)	–	986 130
	5 569 233	3 048 541	(3 464 741)	389 044	(389 044)	5 998)	5 147 035
At 30 September 2021 (Unaudited)							
Interest-bearing borrowings	4 005 480	375 042	–	244 687	(244 687)	–	4 380 522
Lease liability	581 548	18 792	(39 196)	51 400	(51 400)	2 386	563 530
Bank overdraft	282 129	38 959	–	24 357	(24 357)	–	321 088
Short-term loans	196 027	–	(68 893)	–	–	–	127 134
Floorplans from suppliers	–	176 959	–	1 068	(1 068)	–	176 959
	5 065 184	609 752	(108 089)	321 512	(321 512)	2 386	5 569 233

The comparative cash flow statement for the prior period has been restated to correctly disclose interest paid on interest-bearing borrowings and interest-bearing borrowings raised. The cash flow statement has been restated due to an incorrect classification of interest paid on interest-bearing borrowings against the interest-bearing borrowings raised.

The interest paid on interest-bearing borrowings is now correctly disclosed as R321,512 million and interest-bearing borrowings raised is now correctly disclosed as R375,042 million.

39. Commitments

R'000	(Audited) 2022	(Unaudited) 2021
Capital commitments		
Motor vehicles	954 617	3 093 576
Property, plant and equipment	1 840	11 716
Software development	12 774	7 842
	969 232	3 113 134

Capital commitments will be financed by cash generated from operations and borrowing facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

40. Contingent liabilities

R'000	(Audited) 2022	(Unaudited) 2021
Guarantees		
Wesbank Limited	–	46 500
Namibian Ministry of Finance	31 026	31 026
ABSA Bank	180 000	180 000
The South African Insurance Association	40	5 000
First Rand Bank Limited	359 448	442 985
Nedbank Namibia Limited	365 000	365 000
First National Bank Botswana Limited	67 532	–
BMW Financial Services	100 000	–
Other guarantees	321	344
	1 103 367	1 070 855

At September 2022, there exists a contingent liability of R10,413,933 due to the Minister of Finance Namibia relating to bonds for VAT on imports.

Zenith Car Rental Proprietary Limited purchases vehicles which are registered in South Africa. The vehicles are temporarily transferred to Zeda Car Rental Namibia Proprietary Limited, Namibia's Rental Business unit. As this is not a permanent import, there is a relaxation of the import VAT due in Namibia. This relaxation is only applicable provided that the vehicles do not remain in Namibia for a period exceeding six months.

A contingent liability is raised in the event that the vehicles are situated in Namibia for a period exceeding six months.

41. Retirement funds

The Group contributes for post-retirement benefits to the Alexander Forbes Fund which is governed by the Pension Funds Act. Membership to the Provident fund is compulsory for all full-time permanent employees. This Provident Fund is a defined contribution fund and is designed to provide lump sum benefits to members on retirement and not a guaranteed pension. Members' share of the Provident Fund is dependent upon performance of the fund. There were 2 588 (2021: 1 282) employee members of the fund.

R'000	(Audited) 2022	(Unaudited) 2021
Amounts contributed	66 654	53 837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

42. Related party transactions and balances

The Company is a wholly-owned subsidiary of Barloworld Limited. Barloworld Limited and its subsidiaries, associates and joint ventures are considered related parties as are the directors and key management personal

R'000	Group companies	Holding company
2022 (Audited)		
Administration/management fees paid to		
Barloworld South Africa Proprietary Limited	–	14 044
Dividend		
Barloworld Limited	–	1 157 428
Interest paid to		
Barloworld Limited	–	299 207
Revenue received from		
Barloworld Limited		(1 240)
Barloworld Equipment Proprietary Limited	(52 578)	–
Barloworld Equipment Botswana Proprietary Limited	(3 025)	–
Barloworld Namibia Proprietary Limited	(4 825)	–
Barloworld Equipment Lesotho Proprietary Limited	(2 364)	–
Barloworld South Africa Proprietary Limited	(10 276)	–
Barloworld Equipamentos Mocambique Lda	(764)	–
Barloworld Equipment Zambia Limited	(535)	–
Barloworld Transport Proprietary Limited	(21 059)	–
Barloworld South Africa Proprietary Limited	(5 989)	
	(101 415)	(1 240)
Trade and other receivables		
Barloworld Equipamentos Mocambique Lda	82	–
Amount due to related parties		
Barloworld Limited	–	(1 235 548)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

42. Related party transactions and balances continued

R'000	Group companies	Holding company
2021 (Unaudited)		
Administration/management fees paid to		
Barloworld South Africa Proprietary Limited	7 805	14 044
Interest paid to		
Barloworld Limited	–	251 159
Revenue received from		
Barloworld Limited		(109)
Barloworld Equipment Proprietary Limited	(52 908)	
Barloworld Equipment Botswana Proprietary Limited	(3 285)	–
Barloworld Namibia Proprietary Limited	(2 845)	–
Barloworld Equipment Lesotho Proprietary Limited	(1 671)	–
Barloworld South Africa Proprietary Limited	(4 825)	–
Barloworld Equipamentos Mocambique Lda	(9 537)	–
Barloworld Equipment Zambia Limited	(15 794)	–
Barloworld Transport Proprietary Limited	(705)	–
Barloworld Transport Proprietary Limited	(1 925)	–
	(93 495)	(109)
Trade and other payables		
Barloworld Investments Proprietary Limited	(2 497)	–
Barloworld Equipment Proprietary Limited	(5 797)	–
Barloworld Equipment Proprietary Limited	(8 976)	–
	(17 270)	–
Trade and other receivables (interest-bearing)		
Barloworld Limited	–	1 090 880
Trade and other receivables (non-interest-bearing)		
Barloworld Limited	–	1 470 689
Amount due to related parties		
Barloworld Limited	–	(4 380 522)
Amounts owed by related parties		
Barloworld Siyakhula Proprietary Limited	1 238	–
Barloworld Siyakhula Proprietary Limited	1 200	–
	2 438	–
Equity loans		
Barloworld Limited	–	260 785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

42. Related party transactions and balances continued

Director's remuneration:

The Group remuneration philosophy and basis for determining performance bonuses is set out in the remuneration report. Other benefits determined below include share purchase trust loans, expatriate benefits, retention payments, redundancy and termination payments and any other non-pensionable allowances or fringe benefits.

The director's remuneration for the year ended 30 September was as follows:

	(Audited) 2022						
R'000	Salary	Retirement and medical contributions	Car benefit	Other benefits	Short-term Incentive	Long-term Incentive	Total
Ramasela Ganda[1]	3 364	639	169	349	3 888	2 696	11 105
Thobeka Ntshiza[2]	2 491	461	151	13	2 193	991	6 300
DG Wilson[3]	–	–	–	–	–	–	–
Sibani Mngomezulu[3]	–	–	–	–	–	–	–
Yolanda Miya[3]	–	–	–	–	–	–	–
Ngao Motsei[3]	–	–	–	–	–	–	–
Lwazi Bam[4]	–	–	–	–	–	–	–
Total	**5 855**	**1 100**	**319**	**363**	**6 081**	**3 687**	**17 405**

	(Unaudited) 2021						
R'000	Salary	Retirement and medical contributions	Car benefit	Other benefits	Long-term Incentive	Short-term Incentive	Total
Ramasela Ganda	2 854	399	165	27	3 123	3 322	9 890
Thobeka Ntshiza	2 052	291	147	–	1 127	2 493	6 110
Total	4 906	690	313	27	4 250	5 815	16 000

1. *Executive director and chief executive officer*
2. *Executive director and financial director*
3. *Independent non-executive director*
4. *Independent non-executive director and Board Chairman*

43. Financial instruments

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables, finance lease receivables, bank and other borrowings, trade and other payables, floorplans from suppliers and lease liabilities. These financial instruments arise directly from the Group's operations. The Group is exposed to financial liabilities subject to fair value measurements and adjustments. The Group's activities expose it to a variety of financial risks, including the effects of credit, interest rate, liquidity risk and currency risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Group finances its operations from a mixture of long-term and short-term loans.

43.1 Categories of financial instruments

The following summarises the valuation methods and assumptions used in estimating the fair values of financial instruments reflected in the table below.

Financial assets at amortised cost

The carrying value of financial assets at amortised cost with a remaining life of less than 12 months reasonably approximates its fair value due to the short-term period to maturity.

Financial liabilities at amortised cost

The carrying value of financial liabilities with a maturity of less than 12 months reasonably approximates its fair value due to their short-term period to maturity. For longer maturities fair value is calculated based on the present value of future principal and interest cash flow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

43. Financial instruments continued

43.1 Categories of financial instruments continued

Financial liabilities at amortised cost continued

All financial instruments are accounted for at amortised cost except for investments which are stated at fair value.

The following table shows the carrying values of financial assets and financial liabilities.

R'000	Amortised cost	Finance lease receivables	Fair value	Total financial assets	Non-financial assets	Total amount
	(Audited) 2022					
Assets						
Finance lease receivables	–	202 662	–	202 662	–	202 662
Trade and other receivables	1 474 956	–	–	1 474 956	23 751	1 498 707
Investments	–	–	463	463	–	463
Cash and cash equivalents	306 526	–	–	306 526	–	306 526
Total assets	**1 781 482**	**202 662**	**463**	**1 984 607**	**23 751**	**2 008 358**

R'000	Amortised cost	At fair value	Total financial liabilities	Non-financial liabilities	Total amount
	(Audited) 2022				
Liabilities					
Long-term interest-bearing borrowings	1 908 131	1 908 131	1 908 131	1 908 131	1 908 131
Lease liabilities	523 070	–	523 070	–	523 070
Floorplans from suppliers	986 130	–	986 130	–	986 130
Trade and other payables	2 233 453	–	2 233 453	106 284	2 339 737
Bank overdrafts	240 202	–	240 202	–	240 202
Short-term interest-bearing borrowings	1 489 502	1 489 502	1 489 502 753	1 489 502	1 489 502
Total liabilities	**7 380 488**	**–**	**7 380 488**	**106 284**	**7 486 772**

R'000	Amortised cost	Finance lease receivables	Total financial assets	Non-financial assets	Total amount
	(Unaudited) 2021				
Assets					
Finance lease receivables	–	202 249	202 249	–	202 249
Trade and other receivables	3 411 503	–	3 411 503	14 622	3 426 125
Cash and cash equivalents	82 973	–	82 973	–	82 973
Total assets	3 494 476	202 249	3 696 725	14 622	3 711 347

R'000	Amortised cost	Total financial liabilities	Non-financial liabilities	Total amount
	(Unaudited) 2021			
Liabilities				
Long-term interest-bearing borrowings	4 380 522	4 380 522	–	4 380 522
Lease liabilities	563 530	563 530	–	563 530
Floorplans from suppliers	176 959	176 959	–	176 959
Trade and other payables	2 095 171	2 095 171	53 025	2 148 196
Bank overdraft	321 088	321 088	–	321 088
Short-term interest-bearing borrowings	127 134	127 134	–	127 134
Total liabilities	7 664 404	7 664 404	53 025	7 717 429

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

43. Financial instruments continued

43.2 Fair value of financial instruments

43.2.1 Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair value of financial instruments is equal to the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date or in its absence the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The fair value of financial assets and liabilities that are traded in active markets are based on quoted dealer price quotations.

For financial assets and liabilities not traded in an active market, a valuation technique is applied to derive the fair value which takes into account quoted prices for similar assets and liabilities in active markets making use of observable inputs to the valuation techniques.

Type of financial instrument – Group	Fair value at 30 September 2022 R'000	Valuation technique	Significant inputs
Share investment in cell captive	463	Net asset value	Sensitivity to inputs is considered to be immaterial.

43.2.2 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value which are Grouped into levels 1 to 3 with the different levels defined as follows:

- Level 1: Fair value measurements are derived from quoted prices in active markets for identical assets.
- Level 2: Fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for assets or liabilities either directly or indirectly
- Level 3: Fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on unobservable market data.

Group	(Audited) 2022			
R'000	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value				
Investment			463	463
The movement in financial assets measured at fair value included in level 3 is as follows				
At the beginning of the year			–	–
Acquisition of investment			50	50
Revaluation to fair value			413	413
At the end of the year			**463**	**463**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

43. Financial instruments continued

43.3 Credit risk

Credit risk is the risk that a counterparty will not honour its contractual agreements when these are due per contractual agreements. The Group's exposure to credit risk is from its operating activities including deposits with banks, finance lease receivables and trade receivables.

The carrying amount of the financial assets represents the Business's maximum exposure to credit risk without taking into consideration any collateral provided as presented in note 43.1. Each of the Group's operating segments has credit terms appropriate for their industry. The average credit period ranges between 30 to 90 days. The measures used to minimise credit risk is managed by a monthly review of trade receivables ageing and stringent background checks and credit limits for customers, continuous review of credit limits as well as legal action against defaulting customers. The average credit period on these sales is 30 days however extended credit terms may be negotiated during the account application process. No single customer represents more than 10% of the Business's total revenue for the years ended for total trade receivables at 30 September 2021 and 30 September 2020.

No credit guarantee insurance is held against the carrying value of trade and other receivables within the Group therefore expected credit losses are considered across all operating debtors.

Any credit risk arising from cash deposits is deemed to be insignificant on the basis that all relevant counterparties are investment grade financial institutions.

Since the outbreak of Covid-19, businesses have been negatively impacted by the cash flow generating ability of many companies which increased credit risk in parts and service sales which are considered riskier and appropriate and adequate expected credit losses were raised. Due to the short-term nature of the credit terms given, the expected credit loss allowance can be assessed upfront and on an ongoing basis with little change arising from changes in general economic circumstances.

The following forward-looking information was utilised to estimate the expected credit loss:

- The geography and industry in which the customer operates, sales to entities based in other African countries outside of South Africa as well as sales related to parts and services are considered riskier.
- Period overdue and time taken to settle underlying receivables, the older accounts are considered a higher risk.
- Past default experiences of the operating segments, examples include the Financial Services operations which have a very low default experience.

There has been no material change in the estimation techniques applied in determining the ECLs from the prior year. The gross receivables, disclosed below, are inclusive of VAT applicable to various jurisdictions and the allowance for credit losses excludes VAT.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

43. Financial instruments continued

43.3 Credit risk continued

The following table details the risk profile of trade receivables of the Car Leasing and Car Rental segments based on the Group's provision matrix.

	(Audited) 2022		
R'000	Gross carrying amount of trade receivables	Lifetime expected credit loss	%
Car leasing			
Fully performing	352 232	(8 558)	2%
Up to 90 days past due	36 864	(10 680)	29%
91 days to 180 days past due	21 549	(15 083)	70%
181 days to 270 days past due	17 092	(16 296)	95%
Greater than 271 days past due	152 082	(139 585)	92%
	579 819	(190 202)	33%
Car rental			
Fully performing	408 289	(487)	0%
Up to 90 days past due	156 168	(5 788)	4%
91 days to 180 days past due	69 048	(43 712)	63%
181 days to 270 days past due	22 728	(18 647)	82%
Greater than 271 days past due	215 638	(184 055)	85%
	871 871	(252 689)	29%
Total	1 451 690	442 891	31%

	(Unaudited) 2021		
R'000	Gross carrying amount of trade receivables	Lifetime expected credit loss	%
Car leasing			
Fully performing	272 805	(20 065)	7%
Up to 90 days past due	34 685	(6 389)	18%
91 days to 180 days past due	37 509	(16 349)	44%
181 days to 270 days past due	21 853	(16 187)	74%
Greater than 271 days past due	233 013	(205 053)	88%
	599 865	(264 043)	44%
Car rental			
Fully performing	336 359	(1 297)	0%
Up to 90 days past due	83 156	(4 511)	5%
91 days to 180 days past due	39 240	(23 047)	59%
181 days to 270 days past due	18 763	(18 556)	99%
Greater than 271 days past due	233 952	(231 003)	99%
	711 470	(278 414)	39%
Total	1 311 335	542 457	42%

43. Financial instruments continued

43.4 Market risk continued

Capital risk management

A finance Committee consisting of senior executives of the Group meets on an on-going basis to review the capital structure based on the cost of capital and the risks associated with each class of capital, to analyse currency and interest rate exposure and to re-evaluate treasury management strategies in the context of most recent economic conditions and forecasts. The Group has targeted gearing ratios for each major business segment. The Group's various treasury operations provide the Group with access to local money markets and provide the Group entities with the benefit of bulk financing and depositing.

i) Currency risk

The Group is headquartered in South Africa, with offshore operations in sub-Saharan Africa (including, Zambia, Mozambique, Lesotho and Ghana). The Group seeks to mitigate foreign currency exposures by borrowing, where cost effective, in the same currencies as the currencies of the main operating units.

Currency risk arises on intergroup transactions between the sub-Saharan Africa operations and the resulting balances owing to or by Group entities. The Group does not hedge these exposures.

Sensitivity analyses
A 1% change in any of the functional currencies of the operating units in sub-Saharan African would not have a material impact on equity or profit or loss.

ii) Interest rate risk

Interest rate risk arises when the absolute level of interest rates on the Group's interest-bearing borrowings are subject to fluctuations. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to expected movements in interest rates. There has been no change in the current year to this approach.

The Group's interest-bearing debt arises from the purchase of rental vehicles and leasing vehicles and, together with its leases to customers, is linked to the prime interest rate and consequently there is limited exposure to fluctuations in interest rates. The interest-bearing financial assets and liabilities are as follows:

R'000	(Audited) 2022	(Unaudited) 2021
Financial assets		
Finance lease receivable	202 662	202 249
Amount owing by Group Company included in trade and other receivables	–	1 090 880
Cash and cash equivalents	306 526	82 973
Total financial assets linked to variable interest rate	**509 188**	1 376 102
Financial liabilities		
Long-term interest-bearing borrowings	(1 908 131)	(4 380 522)
Floorplans from suppliers	(986 130)	(176 959)
Bank overdraft	(240 202)	(321 088)
Short-term interest-bearing borrowings	(1 489 502)	(127 134)
Total financial liabilities linked to variable interest rate	**(4 623 965)**	(5 005 703)
Net interest-bearing financial liabilities	**(4 114 777)**	(3 629 601)

43. Financial instruments continued

43.4 Market risk continued

Capital risk management continued

ii) Interest rate risk continued

The interest rate profile of interest-bearing financial liabilities is as follows:

R'000	Currency	Year of redemption/ repayment	Interest rate	(Audited) 2022	(Unaudited) 2021
Liabilities in foreign currencies					
Short-term loan	GHC	Revolving	5.62%	97 950	51 907
Bank overdraft	NAD	Revolving	Prime – 1.25%	240 202	240 000
Short-term loan	ZK	Revolving	5.75%	97 949	75 227
Bank overdraft	BWP	Revolving	Prime – 2.5%	–	25 453
Total bank overdraft and short-term loans				**436 101**	392 587
Liabilities in South African Rand					
ABSA Group Limited		Revolving	Prime – 0.65%	1 874 234	–
Daimler Truck Financial Services		2024	Prime	40 098	–
Barloworld Limited		2023	Prime – 1.00%	1 235 548	4 380 522
Floorplan from suppliers		Revolving	Prime – 0.75%	986 130	176 959
Standard Bank Limited		Revolving	Prime – 0.50%	51 854	–
Bank overdrafts		Revolving	Prime – 0.50%	–	55 635
Total South African Rand interest-bearing borrowings				**4 187 864**	4 613 116
Total South African Rand and foreign currency interest-bearing borrowings				**4 623 965**	**5 005 703**

Interest rate sensitivity analysis

An interest rate sensitivity analysis is based on the increase or decrease of 1% (100 basis points) in the South African market interest rates. The analysis assumes that other variables remain constant.

R'000	(Audited) 2022	(Unaudited) 2021
Impact of a 1% increase in South African prime interest rates Charge to profit or loss and equity	41 987	46 131
Impact of a 1% increase in non-South African prime interest rates Charge to profit or loss and equity	4 361	34 926

iii) Liquidity risk

Liquidity risk arises when the Group cannot meet its contractual cash outflows as they fall due and payable. The Group manages liquidity risk by monitoring forecast cash flows, maintaining a balance between long-term and short-term debt and ensuring that adequate unutilised borrowing facilities are maintained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

43. Financial instruments continued

43.4 Market risk continued

Interest rate sensitivity analysis continued

iii) Liquidity risk continued

Maturity profile of financial liabilities

The maturity profile of the financial instruments is summarised as follows (based on contractual undiscounted cash flows):

	Repayable during the year ending 30 September 2022 (Audited)					
R'000	**Carrying amount**	**Contractual outflows**	**Within one year**	**Two to five years**	**Greater than five years**	**Not determined but greater than five years**
Long-term interest-bearing borrowings (including current portion)	**3 149 880**	**3 421 260**	**1 354 058**	**2 067 210**	**–**	**–**
Floorplans from suppliers	**986 130**	**1 074 881**	**1 074 881**	**–**	**–**	**–**
Trade and other payables	**2 233 453**	**2 233 453**	**2 233 453**	**–**	**–**	**–**
Lease liabilities	**523 070**	**721 354**	**95 963**	**379 308**	**246 083**	**–**
Bank overdraft	**240 202**	**240 202**	**240 202**	**–**	**–**	**–**
Short-term interest-bearing borrowings	**247 753**	**247 753**	**247 753**	**–**	**–**	**–**

	Repayable during the year ending 30 September 2021 (Unaudited)					
R'000	Carrying amount	Contractual outflows	Within one year	Two to five years	Greater than five years	Not determined but greater than five years
Long-term interest-bearing borrowings	4 380 522	4 651 238	–	–	–	4 651 238
Floorplans from suppliers	176 959	188 461	188 461			
Trade and other payables	2 095 171	2 095 171	2 095 171	–	–	–
Lease liabilities	563 531	716 499	93 798	287 176	335 525	–
Bank overdraft	321 088	231 088	231 088	–	–	–
Short-term interest-bearing borrowings	127 134	127 134	127 134	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

43. Financial instruments continued

43.4 Market risk continued

Interest rate sensitivity analysis continued

iii) Liquidity risk continued

The Group has the following banking facilities available:

R'000		**(Audited) 2022 Facility**	(Unaudited) 2021 Facility	**(Audited) 2022 Utilised**	(Unaudited) 2021 Utilised	**(Audited) 2022 Unutilised**	(Unaudited) 2021 Unutilised
Barloworld Limited	Group financing facility	**1 235 548**	4 380 533	**1 235 548**	4 380 533	**–**	–
ABSA Group Limited		**1 874 234**	–	**1 874 234**	–	**–**	–
Daimler Truck Financial Services		**40 098**	–	**40 098**	–	**–**	–
Rand Merchant Bank	Working capital facility	**359 448**	301 366	**195 899**	127 134	**163 549**	174 232
Standard Bank Limited	Wholesale finance fleet saver facility	**880 000**	–	**874 299**	–	**5 701**	
Standard Bank Limited	Wholesale finance facility	**120 000**	–	**111 831**	–	**8 169**	
Standard Bank Limited	Car scheme facility	**51 854**	–	**51 854**	–		
ABSA Group Limited		**–**	300 000	**–**	176 959	**–**	123 041
Various	Overdraft	**417 531**	432 500	**240 202**	321 088	**177 329**	111 412
		4 978 713	5 414 399	**2 623 965**	5 005 714	**354 748**	408 685
Other banking facilities							
First National Bank	Auto cards facility	**290 000**	250 000	**278 000**	278 000	12 000	–
First National Bank	Corporate card facility	**2 483**	2 483	**2 483**	2 483	–	(3)
First National Bank	Short-term guarantees	**65 500**	65 500	**65 500**	65 500	(6)	(6)
First National Bank	Long-term guarantees	**12 500**	12 500	**12 500**	12 500	(1)	(1)
First National Bank	FEC	**50 000**	50 000	**50 000**	50 000	(50)	–
First National Bank	Settlement	**970 000**	970 000	**970 000**	970 000	(97)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

44. Share incentive schemes and share-based payments

44.1 Financial effect of share-based payment transactions

R'000	(Audited) 2022	(Unaudited) 2021
Income statement effect		
Compensation expense arising from equity and cash-settled forfeitable share plan	7 518	8 701
Share-based payment expense included in operating profit	7 518	8 701
Taxation benefit on forfeitable share plan	(2 105)	(2 436)
Net share-based payment expense after taxation	5 413	6 265
Financial position effect		
Liability raised for cash-settled shares (to be incurred within one to five years)	–	(2 417)
Deferred taxation asset raised on share-based payment transactions	–	677
Net reduction in shareholders' interest as a result of share-based payment transactions	–	(1 740)

44.2 Forfeitable share plan

On 28 January 2010 the Group introduced the Barloworld forfeitable share plan (FSP).

Shares are granted to employees for no consideration. These shares participate in dividends and shareholder rights from grant date.

The vesting of the shares is subject to continued employment for a period of three years or the employee will forfeit the shares.

Prior to the 2016 awards, shares issued to the executive directors were subject to performance conditions. From 30 March 2016, shares issued to the executive directors and certain senior employees are subject to performance conditions which will be measured over the three-year vesting period.

The performance conditions over the vesting period include a market condition based on total shareholder return and non-market conditions based on return on net operating assets and headline earnings per share.

On resignation, the employee will forfeit any unvested shares. On death or retirement only a portion of the shares will vest, calculated based on the number of days worked over the total vesting period, subject to any performance condition being met.

The scheme is settled in shares and therefore the scheme is equity-settled. In jurisdictions where the delivery of shares is impractical, cash will be paid to employees in lieu of shares. These shares are cash-settled share-based payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

44. Share incentive schemes and share-based payments continued

44.2 Forfeitable share plan continued

Fair value estimates

Equity-settled

In term of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date. The fair value takes into account that the employees are entitled to the dividends from grant date. The fair value of the equity-settled shares subject to non-market conditions is the closing share price at grant date. The estimated fair value of the equity-settled shares subject to market conditions were calculated at grant date using a Monte Carlo simulation model with the following:

Date of grant:	7 December 2022	4 December 2021	9 March 2020	27 February 2019
Non-market conditions:				
Number of shares granted	104 080	136 080	103 780	131 680
Share price at grant date (R)	149.74	87.46	78	131.12
Estimated fair value per share at grant date (R)	149.74	87.46	78	131.12
Market conditions:				
Number of shares granted				131 680
Share price at grant date (R)				131.12
Expected volatility (%)	42.03			29.0 – 34.0
Expected dividend yield (%)	6.05			3.5
Risk-free rate (%)	5.77			7.4
Estimated fair value per share at grant date (R)	R149.74			96.32

The 4 December 2020 and 9 March 2020 grants do not have any performance conditions.

44.3 Total forfeitable shares unexercised

The following forfeitable shares granted are unexercised:

Date of grant:	Date from which exercisable	Expiry date	Contractual life remaining (years)	Original exercise price R	Avis executives#	Total unexercised**
2022						
9 Mar 2020	8 Mar 2023	8 Mar 2023	1.4	35 300	25 127	60 427
4 Dec 2020	3 Dec 2023	3 Dec 2023	2.2	61 040	49 060	110 100
7 Dec 2021	6 Dec 2024	6 Dec 2024	2.3	41 080	39 046	80 126
Total unexercised				137 420	113 233	250 653

 # The unexercised share options granted to retired directors and employees are included in this column.
*** Scheme rules dictate that the number of unexercised options may not exceed 10% of the total number of issued shares of the company at any time.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

44. Share incentive schemes and share-based payments continued

44.4 Total forfeitable shares and appreciation rights unexercised

Share options and appreciation rights movement for the year	Number of forfeitable shares
2022	
Unexercised at the beginning of the year	**258 434**
Forfeitable shares granted	**104 080**
Forfeitable shares forfeited	**(62 772)**
Forfeitable shares vested	**(49 089)**
Forfeitable shares, conditional shares and appreciation rights unexercised at the end of the year	**250 653**
2021	
Unexercised at the beginning of the year	198 841
Forfeitable shares granted	136 080
Forfeitable shares forfeited	(63 067)
Forfeitable shares vested	(13 420)
Forfeitable shares, conditional shares and appreciation rights unexercised at the end of the year	258 434

R'000	2 – 5 Years	< 1 year	(Audited) 2022	(Unaudited) 2021
Estimated amounts to be paid over to tax authorities on behalf of employees	7 898	2 509	**10 407**	7 518

The estimated withholding tax obligation associated with the equity-settled scheme to be paid over to the tax authorities on behalf of the employees in future years is based on a number of grants that are expected to vest at maturity and the share price as at 30 September 2022 at the applicable tax rate.

Zeda Limited considers IFRS 2.33 E-F Share-based payment transactions with a net settlement feature for withholding tax obligations when considering cash vs. equity classification.

45. Subsequent events

On 17 November 2022, Zeda Limited and Barloworld entered into the Separation Agreement which sets out the principles regulating various aspects of the separation of the Zeda Limited Group from the Barloworld Group (as a result of the implementation of the Unbundling), as follows:

- The repayment of the remaining Barloworld loan post the restructuring of the capital and debt in advance of the Listing amounting to R1,546.1 million ("Remaining Loan") by no later than 30 November 2023. The Remaining Loan will bear interest at the Prime Rate plus 1%. The repayment to Barloworld of the Remaining Loan is guaranteed by Zeda Limited in terms of the Separation Agreement. In addition, Zenith has registered a first ranking continuing covering special notarial bond in the agreed form over vehicles owned by Zenith in favour of Barloworld in an amount of not less than R1,546,1 million, as security for Zenith's obligations in respect of the remaining Barloworld loans as set out in the Separation Agreement. In addition, Zeda Limited and Zenith have jointly and severally provided a guarantee to Barloworld of their performance in respect of the repayment of the Barloworld long-term loan.
- The provision by Barloworld to Zeda Limited of Information Technology Transitional Services post the Listing.
- The continuation by Barloworld of its guarantee of Zenith's obligations under the Khula Sizwe Lease Agreements after the Listing.
- The entering into by Barloworld and Zeda Limited of a back-to-back guarantee in respect of Barloworld's obligations in terms of the Khula Sizwe Guarantees.

On 21 November 2022 Barloworld announced that it had resolved to unbundle and separately list Zeda Limited on the JSE. The Zeda Limited Listing took place on 13 December 2022.

The Company appointed Lwazi Bam as independent non-executive director on 12 December 2022 and Chairman of the Board, effective 14 December 2022. Lwazi Bam is a CA(SA) with a BCom (Hons) (University of KwaZulu-Natal), BCompt (UNISA) and Advanced Management Program (AMP) (Harvard Business School).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

46. Going concern

The financial statements are prepared on the going concern basis. The going concern assumption was assessed by management as appropriate after taking into consideration its available information about the future, the profitability of the operations and the accessibility to financial resources for at least the next 12 months from the end of the last reporting date.

47. Changes in accounting policies

The following new and amended standards are expected to have no or minimal impact on presentation, recognition and measurement in future years:

	Effective date*
IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	Effective date to be announced
Amendments to IAS 1 – Classification of liabilities as current vs. non-current	1 January 2023
Amendment to IAS 16 – Property, plant and equipment – Proceeds before Intended Use	1 October 2022
Amendment to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract	1 October 2022
Amendments to IFRS 3 – Reference to the Conceptual Framework	1 October 2022
Annual improvements to IFRS Standards 2018 – 2020 – IFRS 16 Leases	1 October 2022
Amendments to IAS 1 – Presentation of financial statements and IFRS practice statement 2 – Making materiality judgements – Disclosure of accounting policies	1 January 2023
Amendments to IFRS 4 – Extension of Temporary Exemption from applying IFRS 9	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of accounting estimates	1 January 2023
Amendments to IAS 12 Income Taxes – Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

* *Effective for annual periods beginning on or after this date.*

COMPANY FINANCIAL STATEMENTS

3

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2022

R'000	**(Audited) 2022**	(Unaudited) 2021
Revenue	–	–
Operating costs		
JSE fees	(72)	–
Loss for the period	**(72)**	
Total comprehensive (loss) for the period	**(72)**	–

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

R'000	Note	(Audited) 2022	(Unaudited) 2021
Assets			
Non-current assets			
Investment in subsidiaries	6	4 500 000	–
Total assets		**4 500 000**	–
Equity and liabilities			
Equity			
Stated capital	7	4 500 000	–
Accumulated loss		(72)	–
Total equity		**4 499 928**	–
Current liabilities			
Amount owing to subsidiary		**72**	
Total equity and liabilities		**4 500 000**	–

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

R'000	Note	(Accumulated loss)	Stated capital	Total equity
Transactions with shareholders recognised directly in equity				
Arising on incorporation on 17 May 2022 (audited)			–	–
Issue of ordinary shares to Barloworld Limited	4		–	–
Issue of ordinary shares for the acquisition of Avis Southern Africa Proprietary Limited from Barloworld Limited			4 500 000	4 500 000
Total comprehensive income for the year				
Loss for the year		(72)		(72)
Balance at 30 September 2022		(72)	**4 500 000**	4 499 928

COMPANY FINANCIAL STATEMENTS continued

COMPANY STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

R'000	(Audited) 2022	(Unaudited) 2021
Loss for the year	(72)	–
Increase in amount owing to subsidiary	72	–
Cash generated from operations	–	–
Cash outflow from investing activities		
Acquisition of subsidiaries	(4 500 000)	–
Cash inflow from financing activities		
Proceeds from the issue of share capital	4 500 000	–
Net cash flow	–	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Reporting entity

The Company is registered and incorporated in South Africa. The registered address and head office of the Company is 2 Sysie Road, Croydon, Gauteng, 1601.

2. Accounting framework

The accounting policies of the Company are the same as those of the Group, where applicable (refer to the consolidated annual financial statements accounting policies). The policies detailed below are those specifically applicable to the Company.

Accounting policies for which no choice is permitted in terms of International Financial Reporting Standards have been included only if management and directors concluded that the disclosure would assist users in understanding the financial statements as a whole, taking into account the materiality of the item being discussed.

3. Underlying concepts

The financial statements are prepared on the going concern basis. Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. Functional and presentation currency

The Financial Statements are presented in South African Rand, which is the Company's functional and reporting currency. All amounts have been rounded to the nearest Rand unless otherwise stated.

5. Significant accounting policies:

Stated capital
Ordinary shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Investments in subsidiaries
Investments in subsidiaries are recognised at cost less accumulated impairment losses in the companies separate financial statements.

Investment income
Dividend income earned from the investing activities are recognised when the Company establishes the right to receive the dividend and are classified under other income. Interest income and expenses are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Taxation

The tax expense includes the current tax and deferred tax charge recognised in the statement of comprehensive income. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint arrangements and associates except where the Company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

6. Investments in subsidiaries

R'000	% 2022	% 2021	(Audited) 2022	(Unaudited) 2021
Avis Southern Africa Proprietary Limited	**100**	–	**4 500 000**	–

Refer to the accounting policy on Consolidation of the consolidated annual financial statements for details of principal subsidiary companies.

7. Share capital

R'000	(Audited) 2022	(Unaudited) 2021
Authorised 2,000,000,000 ordinary shares of no par value		
Issued 189,641,787 ordinary shares of no par value	4 500 000	–

Rights and restrictions related to share capital

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

Movement summary of issued shares	000's	000's
Issued on incorporation	–	
Issued to Barloworld at R1 per share	*	
Issued to Barloworld Limited for the acquisition of the Avis Southern Africa Proprietary Limited Group from Barloworld Limited for R4.5 billion	189 642	
Balance at end of the period	**189 642**	

** Less than 1 000.*

8. Going concern

The financial statements are prepared on the going concern basis. The going concern assumption was assessed by management as appropriate after taking into consideration its available information about the future, the profitability of the operations and the accessibility to financial resources for at least, the next 12 months from the end of the last reporting date.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

9. Subsequent events

On 17 November 2022, Zeda Limited and Barloworld entered into the Separation Agreement which sets out the principles regulating various aspects of the separation of the Zeda Limited Group from the Barloworld Group (as a result of the implementation of the Unbundling), as follows:

- The repayment of the remaining Barloworld loan post the restructuring of the capital and debt in advance of the Listing amounting to R1,546.1 million ("Remaining Loan") by no later than 30 November 2023. The Remaining Loan will bear interest at the Prime Rate plus 1%. The repayment to Barloworld of the Remaining Loan is guaranteed by Zeda Limited in terms of the Separation Agreement. In addition, Zenith has registered a first ranking continuing covering special notarial bond in the agreed form over vehicles owned by Zenith in favour of Barloworld in an amount of not less than R1,546.1 million, as security for Zenith's obligations in respect of the remaining Barloworld loans as set out in the Separation Agreement. In addition, Zeda Limited and Zenith have jointly and severally provided a guarantee to Barloworld of their performance in respect of the repayment of the Barloworld long-term loan;
- The provision by Barloworld to Zeda Limited of Information Technology Transitional Services post the Listing;
- The continuation by Barloworld of its guarantee of Zenith's obligations under the Khula Sizwe Lease Agreements after the Listing;
- The entering into by Barloworld and Zeda Limited of a back-to-back guarantee in respect of Barloworld's obligations in terms of the Khula Sizwe Guarantees.

To complete the carve out of the Zeda Limited Group from Barloworld and address the shared property division of Barloworld Auto Proprietary Limited, a wholly-owned subsidiary of Avis Southern Africa Proprietary Limited, the Company declared the following dividends on 12 December 2022:

(i) Dividend in specie by Barloworld Auto Proprietary Limited, to Barloworld South Africa Proprietary Limited for historical retained earnings generated by Divisions that were historically not part of the Zeda Limited Group amounting to R247 995 318.

(ii) Dividend in specie of the sale proceeds entitlement relating to proceeds from sale of properties owned by Barloworld Auto Proprietary Limited that were not historically part of Zeda Limited Group amounting to R22 701 474.

In (i) and (ii) above Barloworld Auto Proprietary Limited declared the dividends in specie to Avis Southern Africa Proprietary Limited which on declared the same to Zeda Limited which on declared the same to Barloworld Limited.

The above dividends were the final step in the carve out of the Zeda Limited Group from Barloworld.

On 21 November 2022 Barloworld announced that it had resolved to unbundle and separately list Zeda Limited on the JSE. The Zeda Limited Listing took place on 13 December 2022.

	Number of shares	%
Zeda Limited shareholders		
Private shareholders		
Barloworld Limited	189 641 787	100
Public shareholders	–	–
	189 641 787	**100**

The shares held by Barloworld in Zeda Limited will be distributed to its shareholders in the ratio of one share in Zeda Limited for each share held in Barloworld Limited and the Company listed.

CORPORATE INFORMATION

Directors

Independent non-executive directors
Lwazi Bam (Chairman)*
Sibani Mngomezulu
Donald Wilson
Yolanda Miya
Ngao Motsei

Executive directors
Ramasela Ganda (Group Chief Executive Officer)
Thobeka Ntshiza (Group Finance Director)

Company's Registered Office

2 Sysie Road
Croydon, 1691
Johannesburg
South Africa
(PO Box 221, Isando, 1600)

Company Secretary

Rilapax Proprietary Limited t/a William Radcliffe
(Registration number: 2013/068456/07)

Financial Reporting Consultant to Zeda Limited

KPMG Services Proprietary Limited
(Registration number: 1999/012876/07)
KPMG Crescent
85 Empire Road
Parktown, 2193
South Africa
(Private Bag 9, Parkview, 2122)

South African Legal Advisor to the Company

DLA Piper South Africa (RF) Incorporated
Registration number: 2016/119399/21
6th Floor
61 Katherine Street
Sandton, 2196
Private Bag X17, Benmore, 2010

Sponsor to Zeda Limited

Nedbank Limited, acting through its Nedbank Corporate and Investment Banking Division
(Registration number: 1951/000009/06)
Nedbank 135 Rivonia Campus
135 Rivonia Road
Sandown
Sandton, 2196
South Africa
(PO Box 1144, Johannesburg, 2000)

Independent Auditor

SizweNtsalubaGobodo Grant Thornton Inc.
(Registration number: 2005/034639/21)
20 Morris Street East
Woodmead, 2191
South Africa
(PO Box 2939, Saxonwold, 2132)

Investor Relations

Investor Relations
2 Sysie Road
Croydon, 1691
Johannesburg
South Africa
PO Box 221, Isando, 1600

investorrelations@zeda.co.za

Transfer Secretaries

JSE Investor Services South Africa Proprietary Limited
(Registration number: 2000/007239/07)
13th Floor
19 Ameshoff Street
Braamfontein
South Africa
(PO Box 4844, Johannesburg, 2000)

* *Appointed as Chairman on 14 December 2022.*

ZEDA

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