3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

3.5 Financial instruments at fair value through profit or loss

Changes in the instruments are as follows:

	Surety loan receivable R'000	Loans receivable carried at fair value R'000	SPV5 derivative liability R'000
Balance as at 1 June 2022	96 572	50 729	—
Additions	—	—	—
Repayments	—	(13 540)	—
Recognition of new instrument recognised in profit or loss	—	—	(13 214)
Fair value gain recognised in profit or loss	32 743	9 412	2 164
Other movements	—	(1 737)	—
Balance as at 31 May 2023	**129 315**	**44 864**	**(11 050)**
Additions	**—**	**—**	**—**
Repayments	**—**	**(45 419)**	**—**
Fair value gain recognised in profit or loss	**2 555**	**555**	**(188)**
Balance as at 31 May 2024	**131 870**	**—**	**(11 238)**
Financial assets at fair value through profit or loss – included in current assets	**—**	**—**	**—**
Financial assets at fair value through profit or loss – included in non-current assets	**131 870**	**—**	**—**
Financial liabilities at fair value through profit or loss – included in non-current liabilities	**—**	**—**	**(11 238)**
	131 870	**—**	**(11 238)**
Unrealised gains/(losses)	**2 555**	**555**	**(188)**

Class B Preference Shares R'000	Derivative liability R'000	Escrow receivable R'000	Other R'000	Total R'000
—	(22 000)	—	(200)	125 101
(66 859)	—	—	—	(66 859)
—	—	—	—	(13 540)
—	—	—	—	(13 214)
16 085	22 000	—	86	82 490
—	—	—	114	(1 623)
(50 774)	**—**	**—**	**—**	**112 355**
—	**—**	**25 063**	**—**	**25 063**
—	**—**	**—**	**—**	**(45 419)**
4 291	**—**	**—**	**—**	**7 213**
(46 483)	**—**	**25 063**	**—**	**99 212**
—	**—**	**618**	**—**	**618**
—	**—**	**24 445**	**—**	**156 315**
(46 483)	**—**	**—**	**—**	**(57 721)**
(46 483)	**—**	**25 063**	**—**	**99 212**
4 291	**—**	**25 063**	**—**	**32 276**

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

3.5 Financial instruments at fair value through profit or loss continued

Surety loans receivable

Surety loans relate to the personal sureties that B Levy and M Levy signed for the US dollar denominated loan owed by 2DFine Holdings Mauritius to Gold Label Investments Proprietary Limited. Their liability is limited to the difference between the loan owing to Gold Label Investments Proprietary Limited and the value of 16.95% of the shares in Oxigen Services India Private Limited (Oxigen Services) and 17.29% of the shares in Oxigen Online Services India Private Limited (Oxigen Online). In November 2021 the payment terms for the surety loans were renegotiated, with the payments being agreed as instalments payable annually commencing on 30 September 2025 and ending on 30 September 2030.

SPV5 derivative liability

A debt owing to a lessor by Cell C was transferred into a new special purpose vehicle (SPV5) in exchange for a 10% shareholding in Cell C (being the only asset of the SPV).

When the funds are advanced by TPC to SPV5 they will be treated as an additional 10% investment (without voting rights) in Cell C because the shares in Cell C are the only means that the SPV has with which to repay TPC's loan. As a result, TPC's loan commitment is an in-substance written put option over the economic interest of SPV5's shareholding in Cell C, which meets the definition of a derivative. Accordingly, TPC has accounted for its loan commitment to SPV5 as a derivative at fair value through profit or loss. The derivative is initially recognised by the Group at fair value and subsequently measured at fair value through profit or loss.

Class B Preference Shares

TPC issued Class B Preference Shares to the funders for a nominal issue price.

Given that the indexation of the cash flows under the Class B Preference Shares to a 5% shareholding in Cell C results in them containing an embedded derivative which would otherwise need to be stripped out and accounted for separately, the Class B Preference Shares have been designated to be financial liabilities at fair value through profit or loss. The preference shares are initially recognised by the Group at fair value and subsequently measured at fair value through profit or loss.

Escrow receivable

A risk margin held in an Escrow account was recognised as part of the book sale two to a financial institution. The value of the receivable fluctuates based on the collections experience of advances over the subscription period. The escrow account will be utilised as follows:

- Any amounts not collected from subscribers in respect of sold debtors when due will be drawn by ABL from the escrow account;
- On the maturity date of the subscription agreements in respect of the sold receivables, any remaining amount in the escrow account will be released back to CEC.

Refer to note 3.3.3 for further details.

The gains arising from the change in fair value will be included in profit or loss. There were no fair value movements required in the current year.

The fair value of this financial asset was determined through the discounting of post churn cash flows after taking into account the credit risk of the book sold to ABL.