INTERNAL GOVERNANCE FRAMEWORK · DOCUMENT 09 · VERSION 1.1

Financial Management, Procurement and Tax Compliance Policy

Banking, revenue, expenditure, accounting records, tax and financial controls

This Policy governs the Company's money: how it is banked and paid, how fees are set, invoiced and collected, how expenditure and procurement are controlled, how the accounting records and annual financial statements are produced, and how the Company meets its tax obligations. It exists because a professional practice fails financially more often than it fails professionally, and because the absence of any separation of duties in a one-person company makes written control the only control available.

Document control

Document	Financial Management, Procurement and Tax Compliance Policy
Policy reference	MBM-GOV-09
Owner	The Board (sole director) — M.B. Mhlongo
Status	Approved
Version	1.1
Effective date	1 September 2026
Next review	31 August 2027
Authority for adoption	Written resolution of the sole director in terms of section 57(3) of the Companies Act 71 of 2008, read with article 4.2(2) of the Memorandum of Incorporation
Framework alignment	Companies Act 71 of 2008; King V Code on Corporate Governance for South Africa 2025; the Company's Memorandum of Incorporation

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Adoption

1 Purpose, status and application

1.1 This Policy is adopted under Part 10 of the Governance Framework Charter (MBM-GOV-01) and must be read with the Delegation of Authority Framework (MBM-GOV-02), which contains the expenditure thresholds and the banking mandate and which prevails in any conflict.

1.2 It binds every director, employee, associate and agent, and applies to all funds, assets and financial records of the Company.

2 Financial governance and accountability

2.1 The Board is accountable for the integrity of the Company's accounting records and annual financial statements, for the Company's solvency and liquidity, and for its tax compliance. That accountability is not transferred by appointing an accountant.

2.2 The Board must not carry on the business of the Company recklessly, with gross negligence, with intent to defraud any person or for any fraudulent purpose, and must not permit the Company to trade while it is unable to pay its debts as they fall due in the ordinary course of business.

2.3 The Board records the absence of segregation of duties: the same person quotes, delivers, invoices, approves, pays and reconciles. The compensating controls are external — the bank, the accountant and the audit trail — and the following are treated as mandatory rather than desirable:

(a) every payment leaves an electronic trail through the business bank account and no payment is made in cash;

(b) the bank account is reconciled monthly and the reconciliation retained;

(c) an independent external accountant compiles the annual financial statements and has access to the underlying records;

(d) no supporting document is created after the transaction it purports to support; and

(e) the expenditure log and the Register of Resolutions together show, for every material payment, who decided it and why.

3 Banking and payments

3.1 The Company operates a business bank account in its own name. All income is received into it and all expenditure is paid from it. No banking is conducted through a personal account.

3.2 The Company operates no trust account, holds no Legal Practitioners' Fidelity Fund Certificate, and does not receive, hold, control or disburse money on behalf of any client or third party. Any such receipt must be returned to source immediately and recorded, and the Board must consider whether the circumstances require a report under section 29 of the Financial Intelligence Centre Act 38 of 2001.

3.3 Company funds and personal funds must not be commingled. An expense paid personally may be recouped only on a documented claim supported by a tax invoice, and a payment made by the Company for a personal purpose is prohibited. Where a director's loan account arises, it must be recorded, must be on terms the Board has resolved, and must be assessed against sections 45 and 75 of the Companies Act and against the tax consequences of a debt owed by a director.

3.4 Payment authority, dual authorisation and the treatment of a change in a supplier's banking details are governed by Part 6 of the Delegation of Authority Framework. A notification of changed banking details must be verified by telephone on a number obtained independently of the request, and the verification recorded, before any payment is made.

3.5 Online banking credentials are personal to the Director and may not be shared with any person, including the Company's accountant. Where the accountant requires access to transaction data, read-only access or exported statements must be used.

4 Budgeting and financial planning

4.1 The Board approves an annual budget before the start of each financial year, recording expected revenue by service line, fixed and variable costs, provisional tax provision, capital expenditure and the target cash buffer.

4.2 The Board must maintain a cash buffer equal to at least three months of fixed costs, and must record at each quarterly governance session whether it is being maintained and, if not, what is being done.

4.3 Actual performance is reviewed against budget at every quarterly governance session. A variance exceeding ten per cent of an approved line must be explained and, where the line is to be exceeded, approved by resolution before the expenditure is incurred.

4.4 The Board must prepare a rolling twelve-month cash flow projection, updated quarterly, and must use it to assess liquidity before authorising any distribution, capital expenditure or commitment with a term exceeding twelve months.

5 Fees, invoicing and credit control

5.1 Fees are charged on the rate card approved by the Board. A discount, write-down or waiver exceeding the threshold in the Delegation of Authority Framework requires a resolution before it is communicated to the client.

5.2 The fee basis, the estimate and the treatment of disbursements must be recorded in the engagement letter before work begins. Where an estimate will be exceeded, the client must be told in writing before the additional work is done, and the additional work must be authorised in writing.

5.3 Time must be recorded on all work, including fixed-fee work, so that the Board can determine whether fixed fees are profitable. Time recorded must reflect work actually performed.

5.4 Invoices are issued on delivery of the deliverable, or monthly in arrears on continuing matters, and are payable within fourteen days unless the engagement letter provides otherwise. Every invoice must identify the matter, describe the work, state the basis of charge and carry a sequential invoice number.

5.5 Credit control operates as follows:

Stage	When	Action
Reminder	Day 15	Written reminder with a copy of the invoice.
Follow-up	Day 30	Direct contact with the person responsible for payment; the reason for non-payment recorded.
Escalation	Day 45	Written demand; consideration of suspension of work where the engagement letter permits it; the client informed of the consequence.
Board decision	Day 60	Board resolution on whether to institute recovery, negotiate terms or write off. Write-off above the threshold in MBM-GOV-02 requires a resolution.

5.6 On larger matters, or with a new corporate client, the Board should require staged billing, with each stage invoiced as the work for that stage is completed. The Company does not accept deposits, retainers or any other payment in advance of work performed, and must not fund a client's working capital by performing extensive work beyond the current invoiced stage.

5.7 The Company must not withhold a client's own documents as security for payment.

6 Expenditure and procurement

6.1 All expenditure must be within the approved budget or authorised by resolution, must be supported by a valid tax invoice in the Company's name, and must be recorded against the correct expense category.

6.2 Before appointing a supplier, associate or subcontractor above R25 000 in aggregate over twelve months, the Board must:

(a) obtain at least two comparative quotations, or record why only one source is appropriate;

(b) verify the supplier's registration, tax status and banking details independently of the invoice;

(c) record any relationship between the supplier and the Director or a related person, and apply MBM-GOV-04 where one exists;

(d) agree the scope, deliverables, price and payment terms in writing before work begins; and

(e) include the confidentiality, personal information and anti-corruption obligations required by MBM-GOV-08 and MBM-GOV-11.

6.3 The Company must not procure from a supplier that refuses to accept anti-corruption terms, that declines to disclose its beneficial ownership, or that requests payment to a third party or in cash.

6.4 Recurring subscriptions must be reviewed annually against actual use, and cancelled where they are not being used. The aggregate monthly subscription cost must be reported at each quarterly governance session.

6.5 Capital items must be recorded in a fixed asset register with their date of acquisition, cost, location and depreciation basis, and verified annually.

7 Accounting records and financial reporting

7.1 The Company keeps accurate and complete accounting records in one of the official languages of the Republic, at its registered office or a notified location, as required by section 28 of the Companies Act. The records must be kept in a form that permits the preparation of financial statements and their verification.

7.2 Accounting is maintained on commercial accounting software. Bank feeds must be reconciled monthly, and every transaction categorised and supported by a document within thirty days.

7.3 Annual financial statements must be prepared within six months after the end of each financial year, in accordance with section 30(1) of the Companies Act, and must satisfy the requirements of section 29 as to fair presentation and the absence of false or misleading information.

7.4 The Company is presently exempt from the requirement that its annual financial statements be audited or independently reviewed, because every person who holds securities issued by the Company is also a director of it. The Board records that this removes an assurance layer, and therefore requires that the annual financial statements be compiled by an independent external accountant under a written engagement. The exemption turns solely on every person who holds, or has a beneficial interest in, securities of the Company also being a director; appointing a director who holds no securities does not affect it. Should any holder of securities cease to be a director, or any person acquire securities or a beneficial interest without being a director, the exemption falls away and the Board must determine the Company's public interest score under regulation 26(2) and obtain an audit or independent review as regulations 28 and 29 require.

7.5 The Board must approve the annual financial statements by resolution and must satisfy itself, before doing so, that they present fairly the state of affairs of the Company and that

it understands their content.

8 Tax compliance

8.1 The Company complies fully with its tax obligations. It does not participate in any arrangement whose purpose is the avoidance of a tax obligation, and does not structure a client engagement or a payment so as to obscure a taxable event.

8.2 The Board must ensure that:

Obligation	Requirement
Public officer	A public officer is appointed and SARS is kept informed of the appointment and the officer's particulars.
Provisional tax	IRP6 returns are submitted and payments made at the end of August and the end of February, based on a realistic estimate of taxable income. A provision is set aside as invoices are paid rather than found at the deadline.
Income tax	The ITR14 is submitted annually within the prescribed period, supported by the annual financial statements.
Tax Compliance Status	A valid Tax Compliance Status is maintained, and a current PIN obtained whenever required for vendor onboarding or a bid.
Value-added tax	The Company is not registered. Registration becomes compulsory once taxable supplies exceed R2.3 million in any consecutive twelve-month period — the threshold having been increased from R1 million with effect from 1 April 2026 — and the Board must monitor turnover against it at every quarterly session and re-confirm the current threshold against the SARS position at each annual review. Voluntary registration requires a resolution.
Employees' tax	Dormant. On engaging the first employee, registration for PAYE, UIF and SDL and monthly EMP201 submissions become obligatory.

Record retention	Records supporting a return are retained for at least five years from the date of submission, and longer where an audit, objection or appeal is pending.

8.3 Any correspondence from SARS, including a verification, audit or assessment, must be referred to the Board and to the Company's accountant, answered within the period allowed, and recorded.

8.4 Where the Board becomes aware of an error in a return already submitted, it must be corrected voluntarily and promptly.

9 Solvency, liquidity and distributions

9.1 Before authorising a distribution, the Board must apply the solvency and liquidity test in section 4 of the Companies Act, must acknowledge by resolution that it reasonably appears that the Company satisfies it, and must record the basis of that conclusion. If the distribution has not been completed within 120 business days after that acknowledgement, section 46(3) requires the Board to reconsider the solvency and liquidity test and to adopt a further resolution before proceeding.

9.2 The Board records that in an owner-managed company the boundary between a distribution, remuneration and a loan account is easily blurred, and that the tax and Companies Act consequences of each differ. Every withdrawal by the shareholder must therefore be characterised in advance, by resolution, as one of the following: remuneration for services as an employee; remuneration for services as a director approved by special

resolution under section 66(9); a dividend or other distribution meeting section 46; or a loan, subject to section 45 where applicable. It must be recorded and accounted for accordingly.

9.3 The Board must assess going concern at each annual approval of the financial statements and must record the assessment, including the assumptions on which it rests.

10 Financial fraud prevention

10.1 The controls in this Part are directed at the frauds that most commonly affect small professional practices:

Fraud	How it works	Control
Business email compromise	An email appearing to come from a supplier, client or the Director requests payment to a changed account.	Telephonic verification on an independently obtained number before any change to banking details or any unusual payment instruction, however urgent it appears. No exceptions for urgency.
Invoice fraud	A false invoice, or a duplicate of a genuine one, is submitted for payment.	Every invoice matched to a purchase decision and a deliverable before payment; duplicate invoice numbers checked; no payment on a statement alone.
Client payment diversion	A third party intercepts the Company's invoice and substitutes its own banking details.	Banking details stated consistently on every invoice; clients told in the engagement letter that the Company's banking details will never change by email and to verify telephonically.

Fraud	How it works	Control
Advance-fee and mandate scams	A purported client instructs a matter and requests that funds be received or forwarded.	The Company receives no money on behalf of any client. Any such request is refused, recorded and assessed under section 29 of FICA.
Account takeover	Credentials for banking, email or accounting software are compromised.	Multi-factor authentication on all financial systems; no shared credentials; immediate credential rotation on any suspicion; monthly reconciliation.

10.2 Any suspected fraud must be reported under MBM-GOV-11, and the Board must assess immediately whether the reporting duties under section 34 of PRECCA and section 29 of FICA have arisen.

11 Monitoring, review and version control

11.1 The financial routine in Annexure A must be followed. The Board must confirm at each quarterly governance session that each monthly and quarterly item has been performed.

11.2 This Policy is reviewed annually and on registration for value-added tax, the engagement of the first employee, the appointment of a second director, or turnover exceeding R10 million.

Version	Date	Approved by	Nature of change
1.0	1 September 2026	Sole director, written resolution	First adoption of the Financial Management, Procurement and Tax Compliance Policy.
1.1	27 August 2026	Sole director, written resolution	Clause 5.6 amended to remove all provision for deposits and advance payment: staged billing is invoiced in arrears, with each stage invoiced as the work for that stage is completed, and no deposit, retainer or other payment is accepted in advance of work performed.

Annexure A — Financial control routine

The minimum financial routine. Each item is confirmed as performed at the relevant governance session, and the evidence retained.

Frequency	Control	Evidence retained
Weekly	Review the bank account for unexpected transactions; action any payment falling due.	Bank statement review noted.

Frequency	Control	Evidence retained
On delivery	Issue the invoice for completed work; record time against the matter.	Invoice; time record.
Monthly	Reconcile the bank account; categorise and support every transaction; review the debtor age analysis and act on items over 15 days.	Reconciliation; age analysis.

Frequency	Control	Evidence retained
Monthly	Transfer the provisional tax provision to a separate holding, calculated on invoices actually paid.	Transfer record.
Monthly	Review subscriptions and recurring costs against use.	Subscription schedule.
Quarterly	Review actual against budget; explain variances above 10%; update the rolling 12-month cash flow projection; confirm the three-month cash buffer.	Governance session minute.
Quarterly	Review client and revenue concentration against the 40% trigger.	Concentration analysis.
Quarterly	Review turnover against the R2.3 million VAT registration threshold and the R10 million EME threshold, and confirm both are still current.	Turnover analysis.
Twice yearly	Submit and pay provisional tax (end August and end February).	IRP6 and payment confirmation.
Annually	Approve the budget and the rate card before the start of the financial year.	Board resolution.
Annually	Obtain independent compilation of the annual financial statements within six months of year-end; approve by resolution.	Signed financial statements; resolution.
Annually	Submit the ITR14; refresh the Tax Compliance Status PIN.	Return and TCS confirmation.
Annually	File the CIPC annual return with the financial accountability supplement and compliance checklist.	CIPC confirmation.
Annually	Verify the fixed asset register; review insurance sums insured; renew the EME affidavit.	Asset register; policy schedule; affidavit.

Annexure B — Supplier and associate due diligence

Required before appointing any supplier, associate or subcontractor above R25 000 in aggregate over twelve months, and before any appointment on a client matter irrespective of value.

Supplier or associate (full legal name and registration number)	
Service to be provided, and on which matter	
Comparative quotations obtained, or reason for single source	

Registration and tax status verified (how and when)	
Banking details verified independently of the invoice (how and when)	
Beneficial ownership disclosed	
Any relationship with the Director or a related person	
Written agreement in place covering scope, price, confidentiality, personal information, professional indemnity and anti-corruption	
Client informed, where the engagement letter requires it	
Authority obtained (operational / Board resolution reference)	
Approved by, and date	

Adoption

This Financial Management, Procurement and Tax Compliance Policy was considered and approved by the Board of

2008 read with article 4.2(2) of the Company's Memorandum of Incorporation, and takes effect on the effective date recorded in the document control block.

The approval is recorded in the Company's minute book and register of resolutions maintained under section 24 of the Companies Act.

MTHOKOZISI BRIAN MHLONGO

Director

Signature: ________________________________

Date: ________________________________

Place: ________________________________

Company information

Registered name	MBM Valkyrie Advisory (Pty) Ltd
Registration number	2026/493372/07
Registered address	31 Ouklipmuur Avenue, Equestria, Pretoria, Gauteng, 0184
Telephone	+27 61 586 9435
Email	enquiry@mbmvalkyrie.co.za · brianm@mbmvalkyrie.co.za
Website	www.mbmvalkyrie.co.za
Director	Mthokozisi Brian Mhlongo (LLB) — admitted attorney of the High Court of South Africa (Gauteng Division, Pretoria), enrolled with the Legal Practice Council on the roll of non-practising legal practitioners
CSD supplier number	MAAA1746312
B-BBEE status	Level 1 EME — sworn affidavit, valid to 22 June 2027
Tax	Tax compliant. Not registered for VAT — no VAT is charged
Professional indemnity	R5 000 000 — iTOO Special Risks
PAIA	Section 51 manual published at www.mbmvalkyrie.co.za/paia-manual

own account, holds no trust account and does not undertake reserved legal work. Its director is an admitted attorney enrolled with the Legal Practice Council on the roll of non-practising legal practitioners.

Scope of the company's services

The company provides legal, governance and compliance services in an independent advisory capacity. It does not appear in court, does not litigate, does not undertake conveyancing or notarial work, does not administer estates, holds no Legal Practitioners' Fidelity Fund certificate and operates no trust account. Where a matter requires reserved legal work, this is said at the outset and the matter is referred to a practising firm. Nothing in this document is legal advice; advice is given only under a signed engagement letter.

Contact

Book a thirty-minute scoping call at www.mbmvalkyrie.co.za/book-a-call, email enquiry@mbmvalkyrie.co.za or telephone +27 61 586 9435. Postal and physical address: 31 Ouklipmuur Avenue, Equestria, Pretoria, Gauteng, 0184.

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