AFRICAN & OVERSEAS
ENTERPRISES LIMITED

2019
ANNUAL
FINANCIAL
STATEMENTS

AFRICAN AND OVERSEAS ENTERPRISES LIMITED

Registration number: 1947/027461/06

Index

The supplementary information presented on page 82-83 does not form part of the financial statements and is unaudited.

Unaudited shareholders' information

These statements were authorised by the board of directors on 30 September 2019 and published on 30 September 2019.

AFRICAN AND OVERSEAS ENTERPRISES LIMITED

Registration number: 1947/027461/06

Companies Act notice

These financial statements of African and Overseas Enterprises Limited (registration number: 1947/027461/06) have been audited in terms of the Companies Act 71 of 2008 (as amended) ("the Companies Act") and have been prepared under the supervision of the group financial director, WD Nel CA (SA).

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of African and Overseas Enterprises Limited, which comprises the statements of financial position at 30 June 2019 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors are furthermore responsible for the preparation of the Directors' Report, which forms part of the annual financial statements.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management, as well as preparation of the supplementary schedules included in the annual financial statements.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of group and company annual financial statements

The group and company annual financial statements of African and Overseas Enterprises Limited, as identified in the first paragraph, were approved by the board of directors on 30 September 2019 and signed by:

MR Molosiwa
Chairman
Authorised director

30 September 2019

MA Golding
Chief executive officer

Company secretary's certificate

I certify that African and Overseas Enterprises Limited has filed all returns and notices as required by a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

AT Snitcher
Company secretary

30 September 2019

DIRECTORS' REPORT

Corporate governance

During the financial year under review, the directors subscribed to the principles of corporate governance as set out in King IV. Specific applicable disclosure requirements are dealt with in the integrated annual report. Please note the corporate governance report in the integrated annual report in particular in this regard.

Nature of business

The company is a holding company listed on the JSE Limited under the Sector: Consumer Services – Retail – General Retailers – Apparel Retailers. The company and its subsidiaries are collectively referred to as "the group". Its business is that of a holding company, in that it holds 72.62% of the ordinary shares and 51.62% of the "N" ordinary shares of Rex Trueform Group Limited ("Rex Trueform").

The group subsidiaries, Queenspark Proprietary Limited and Queenspark (Proprietary) Limited (registered in Namibia), continued their retail activities with regard to the sale of ladies' and men's clothing, shoes, costume jewellery, related fashion accessories and cosmetics through branded Queenspark outlets located in South Africa and Namibia as well as through a Queenspark-branded franchised outlet in Kenya. A decision has been made not to continue with the Kenyan franchise beyond the expiration of the franchise agreement which is due to expire in the 2020 financial year.

The group's property portfolio consists of developed and undeveloped properties, held directly by Rex Trueform and Queenspark Distribution Centre Proprietary Limited. Rex Trueform Office Park situated in Salt River is the main operating property within the segment followed by the property in Wynberg which is utilised by the retail segment as a distribution centre. Two properties are undeveloped, a vacant factory and vacant land situated in Salt River. The vacant factory has heritage significance which limits any potential development. The board of directors of Rex Trueform are actively looking for development opportunities which will yield a satisfactory return in relation to any capital outlay.

During the financial year under review, Rex Trueform concluded an investment in the water infrastructure sector. A 30% interest in SA Water Works Holding Company (RF) Proprietary Limited was acquired via a subsidiary, Ombrecorp Trading (RF) Proprietary Limited (which subsidiary was acquired in the financial year under review). Operations consist of two water concession businesses operating in Mpumalanga and KwaZulu-Natal, which provide water and water services to residential, industrial and commercial consumers pursuant to concession agreements executed with municipalities in the respective areas.

Financial results

The financial results of the group and company for the year are set out in the financial statements.

Share capital

The share capital of the company, both authorised and issued, is set out in the notes to the financial statements. Refer to note 15.

Dividends

Details of dividends paid during the year are as follows:

	2019 R'000	2018 R'000
Dividends on ordinary and "N" ordinary shares:		
Dividend paid in respect of the ordinary shares	-	-
Dividend paid in respect of the "N" ordinary shares	-	-
Dividends on 6% cumulative participating preference shares:		
Half-year ended 31 December 2018	16	16
Half-year ended 30 June 2019	17	17
Total	33	33

The directors have not proposed a dividend per share (2018: R nil) in respect of the ordinary and "N" ordinary shares.

Subsidiaries

The required information relating to subsidiary companies is set out in the notes to the financial statements. Refer to note 7.

Investments

Full details of the company's investments are set out in the notes to the financial statements. Refer to note 8 and 9.

Directorate

The names of the directors of the company are reflected in the integrated annual report.

The following changes in the composition of the board of directors occurred during the year:

Director	Event	Date
CEA Radowsky	Resigned and ceased to be CEO	31 August 2018
MA Golding	Appointed as CEO	3 September 2018
LK Sebatane	Retired by rotation Re-elected	30 November 2018 30 November 2018
MR Molosiwa	Retired by rotation Re-elected	30 November 2018 30 November 2018
WD Nel	Confirmation of appointment	30 November 2018

MA Golding, PN Naylor and HB Roberts will retire at the 2019 annual general meeting in accordance with the company's Memorandum of Incorporation but, being eligible, will offer themselves for re-election.

The emoluments of the executive and non-executive directors are set out in notes to the financial statements. Refer to note 26.

Directors' interest in shares

The interests of directors in the ordinary and "N" ordinary shares of the company at 30 June was:

	Direct holding	Indirect holding by associates	Total
Director 2019			
MA Golding	–	4 319 030	4 319 030
CEA Radowsky	–	100 000	100 000
HB Roberts	–	5 901 539	5 901 539
WD Nel	31 680	–	31 680
Total	31 680	10 320 569	10 352 249
Director 2018			
MA Golding	–	4 319 030	4 319 030
CEA Radowsky	–	100 000	100 000
HB Roberts	–	5 894 869	5 894 869
WD Nel	–	–	–
Total	–	10 313 899	10 313 899

WD Nel was appointed as the financial director of the company on 12 June 2018. CEA Radowsky resigned as the chief executive officer of the company with effect from 31 August 2018 and MA Golding was appointed as the chief executive officer of the company with effect from 3 September 2018.

Change in shareholding

There have been no changes in the directors' interests in shares between 30 June 2019 and the date of approval of the financial statements of the company.

Employee share incentive scheme

The African and Overseas Share Trust ("the Share Trust") was created during the financial year under review and was issued with 63 360 "N" ordinary shares in the company in June 2019 in order to enable the Share Trust to discharge certain share awards.

The purpose of this scheme is to ensure that employees, including directors, holding permanent salaried employment or office in the company or any of its subsidiaries, are encouraged and motivated to pursue continued employment within the company (or its subsidiaries), and to accordingly afford them the opportunity to acquire an interest in the "N" ordinary share capital of the company.

Since inception of the Share Trust, delivery has been effected in respect of 63 360 "N" ordinary shares, which were issued to the Share Trust.

The Share Trust currently holds no "N" ordinary shares in reserve for future utilisation. During the financial year under review, share awards and options in respect of 126 720 "N" ordinary shares in aggregate were granted to certain company employees by the Share Trust, of which 63 360 "N" ordinary shares were issued to the Share Trust and subsequently transferred to the employees.

Full details of share awards and options granted and exercised are reflected in the notes to the financial statements. Refer to note 26.

Secretary

The company secretary's business and postal address is that of the company's registered office.

Going concern

The financial statements have been prepared on the going concern basis. This basis presumes that funds will be available to finance future operations should the company continue trading.

As at 30 June 2019 the company's current liabilities exceeded its current assets by R 1.19 million (2018: net current asset position of R 0.23 million). The company's subsidiary, Rex Trueform, has provided financial assistance to the company in the form of a loan facility of R 14 million in order to assist the company to pay any debts as they fall due. As at 30 June 2019 R 0.81 million of this facility was utilised. Refer to note 7 of the financial statements for the details of the loan.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Events subsequent to the reporting date

Ombrecorp Trading (RF) Proprietary Limited received a loan repayment of R 4 582 317 on 18 September 2019 of which R 2 338 815 will remain within the group. The remainder will be utilised to discharge repayment obligations to 27four Life Limited. No other events material to the understanding of the financial statements have occurred between the financial year-end and the date of approval.

AUDIT COMMITTEE REPORT

The audit committee ("the committee") is pleased to present its report to the shareholders of African and Overseas Enterprises Limited for the financial year ended 30 June 2019.

Introduction

This report is issued in compliance with the requirements of the Companies Act and King IV.

Audit committee mandate

The audit committee is governed by formal terms of reference, delegated to it by the board of directors, which regulate the committee's functioning, processes and procedures.

Members of the audit committee and attendance at meetings

All members of the committee are independent non-executive directors, with the committee being chaired by PM Naylor, the lead independent non-executive director of the company. The members of the committee have the necessary academic qualifications, or experience, financial literacy and skills to execute their duties effectively.

The committee met twice during the year under review, specifically prior to the publication of (and to review) the company's and group's interim and final results (in addition to reviewing the reports of the internal and external auditors and the risk committee).

The committee meetings were attended by the external auditors, the chairman of the board, the executive directors and the financial manager of the group by invitation. A formal agenda is prepared for each meeting and comprehensive committee packs are provided containing information required in order to assist the committee in fulfilling its duties.

Role and responsibilities of the committee

The committee's role and responsibilities include the following:

- ensuring that appropriate financial procedures have been established and are operating;
- overseeing integrated reporting;
- ensuring a combined assurance model is applied to provide a co-ordinated approach to all assurance activities;
- reviewing the effectiveness of the company's finance function and considering, on an annual basis, and satisfying itself of the appropriateness of the expertise and experience of the financial director;
- overseeing the internal audit process;
- acting as an integral part of the risk management process;
- nominating the external auditor and overseeing the external audit process; and
- complying with any further responsibilities included in the committee's terms of reference and / or the Companies Act and the Regulations thereto, to the extent not specifically addressed above.

External auditor's appointment, independence and oversight of the external audit process

The committee nominated KPMG Inc. as the company's external auditor for the year under review and approved the terms of engagement and fees to be paid. KPMG Inc. was duly appointed as the company's external auditor in respect of the year under review and the designated registered auditor was I Jeewa. KPMG Inc. has served as the company's external auditor for the last 23 years, with the designated registered auditor being rotated in the manner prescribed by the Companies Act. In this regard, I Jeewa took over from H du Plessis as the designated registered auditor of the company with effect from 17 November 2017.

The committee has nominated KPMG Inc. for appointment by shareholders as the company's external auditor at the 2019 annual general meeting, the designated registered auditor being I Jeewa for the 2020 financial year.

AUDIT COMMITTEE REPORT (CONTINUED)

External auditor's appointment, independence and oversight of the external audit process (continued)

Prior to the nomination of KPMG Inc., the committee met with management without the external auditor being present, reviewed the external auditor's independence and objectivity, assessed the effectiveness of the external audit process and the quality of the external audit (including after being comprehensively reported to in relation thereto by management and the external auditor) and furthermore considered the reports from the external auditor in relation to the information detailed in paragraph 22.15(h) of the JSE Listings Requirements. In this regard, and after due consideration, the committee confirmed that it was satisfied with the independence and objectivity of the external auditor, with the external audit process (including the quality of the external audit) and with the reports furnished to it by the external auditor as well as the suitability for the appointment of KPMG Inc. and I Jeewa. Furthermore a new financial director of the company was appointed on 12 June 2018, which had the effect of, among other things, mitigating the attendant risk (if any) of familiarity between the external auditor and management.

The external auditor is afforded unrestricted access to the company's records and to management. Any significant issues arising from the annual audit (if any) are brought to the committee's attention. In this regard, it is noted that the audit adjustments identified by the external auditor were considered by the committee, applicable adjustments to the financial statements were made (having regard to applicable materiality levels) and an unmodified external auditors report was issued.

The nature and extent of the non-audit services that the external auditor provides to the company have been agreed by the committee, being taxation and advisory-related non-audit services, and the external auditor (via separate departments and utilising personnel who are not involved in the external audit process in respect of the group) is only permitted to provide such pre-agreed non-audit services to the company. Any proposed agreement with the external auditor for the provision of non-audit services is preapproved by the committee.

Internal audit

A formal internal audit charter governs the internal auditing of the group. The committee has unlimited access to the internal auditor employed within the group. The formal process of reporting to the committee is managed according to the internal audit charter. The committee reviews and approves the internal audit charter and internal audit plans. During the year under review the committee considered and evaluated the independence, effectiveness and performance of the group's internal auditor and the arrangements for internal audit (including after meeting with management without the internal auditor being present) and confirmed that it was satisfied with same.

Expertise and experience of financial director and evaluation of the finance function

As required by the JSE Listings Requirements, as read with King IV, the committee has considered the appropriateness of the expertise and experience of the financial director, and the effectiveness of the finance function (including after meeting with the external auditor without the financial director and any representatives of the group's finance function being present).

In this regard, the committee is of the view that WD Nel, the financial director, possesses the appropriate expertise and experience to fulfil his responsibilities in that position. The committee, after having furthermore considered the expertise, resources and experience of the finance function, has confirmed that such function is effective, including having regard to the nature, complexity and size of the company's operations.

Combined assurance

The company subscribes to a combined assurance model that attempts to limit or control risk in its businesses by making use of both internal and third-party assurance providers (including the group's own internal line functions, risk committees, internal auditor and external auditor). During the year under review the committee evaluated the arrangements in place for combined assurance, and confirmed that it was satisfied with same.

AUDIT COMMITTEE REPORT (CONTINUED)

Internal financial controls

The committee noted that there were no significant weaknesses in the design, implementation or execution of internal financial controls that resulted in material financial loss, fraud, corruption or error, and is of the opinion that:

- the internal financial controls are effective (including in their implementation) and accounting practices are appropriate, which both form the basis for the preparation of reliable financial statements in respect of the year under review; and
- the company has established appropriate financial reporting procedures and that those procedures are operating.

Financial statements and accounting practices

During the year under review the JSE Limited issued a report on the findings of their process of monitoring financial statements for compliance with International Financial Reporting Standards. The report was tabled at a meeting of the audit committee and considered by it. The JSE Limited furthermore proactively monitored the company's annual financial statements for the year ended 30 June 2018. All concerns and queries were addressed to the satisfaction of the JSE Limited and, where improvements to disclosures were suggested, management has (to the extent necessary) incorporated these into the annual financial statements for the year ended 30 June 2019.

Following the review by the committee of the annual financial statements for the year ended 30 June 2019, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act and with the International Financial Reporting Standards and fairly present the group and company financial position at that date and the results of operations and cash flows for the year then ended.

Integrated annual report

The committee will satisfy or has satisfied, as the case may be (and depending on whether this report is contained in the annual financial statements or the integrated annual report), itself with the integrity of the remainder of the integrated annual report.

Conclusions

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Having achieved its objectives, the committee has recommended the annual financial statements and will recommend or has recommended (as the case may be) the integrated annual report for the year ended 30 June 2019 for approval by the board.

The board has subsequently approved the annual financial statements, and has approved (or will approve, as the case may be) the integrated annual report, which will be open for discussion at the forthcoming annual general meeting.

On behalf of the committee

PM Naylor
Audit committee chairman

30 September 2019

INDEPENDENT AUDITOR'S REPORT

KPMG

To the shareholders of African and Overseas Enterprises Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of African and Overseas Enterprises Limited (the group and company) set out on pages 14 to 77 which comprise the statements of financial position as at 30 June 2019, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of African and Overseas Enterprises Limited as at 30 June 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. No key audit matters were identified in respect of our audit of the separate financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Valuation of inventories (Consolidated financial statements)
Refer to use of judgements and estimates in accounting policy note 1 and note 12 to the financial statements.

The key audit matter	How this matter was addressed in our audit
Inventories on hand at year-end is one of the group's most significant assets, amounting to R100.6 million. There is a risk that inventories may be overstated due to inadequate allowance being made for mark down, slow moving or obsolete inventory due to the retail business being exposed to seasonal changes and changes in customer preferences. The group measures inventories at the lower of cost and net realisable value ("NRV"), which is calculated as the estimated selling price in the ordinary course of business, less estimated costs of completion (where applicable) and selling expenses. Determining NRV therefore requires judgement to be made by management. We identified this matter as a key audit matter in the audit of the consolidated financial statements due to the significance of the inventories balance and the level of judgement applied by management in determining the allowance needed to record inventories at the lower of cost and NRV.	Our audit procedures included the following: We challenged the underlying assumptions applied by management to assess the appropriateness of the inventories allowance by: • analysing the current allowance in relation to the inventories on hand, aged according to the respective seasons, and comparing the current allowance to the prior year level of write-downs for similar aged inventories; and • evaluating the accuracy of historical information related to sales trends used by management to support the allowance raised in respect of mark down and obsolete inventories. We considered management's bias in relation to the inventories allowance by assessing the consistency of the calculation performed and assumptions applied in the current year as compared with the prior year and current trends observed based on our industry knowledge. We evaluated the adequacy of the disclosures in the financial statements in relation to the requirements of the financial reporting framework.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "African and Overseas Enterprises Limited", which includes the Directors' report, the Audit committee Report, the Company secretary's certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of African and Overseas Enterprises Limited for 23 years.

KPMG Inc.

Per I Jeewa
Chartered Accountant (SA)
Registered Auditor
Director
KPMG Inc.
30 September 2019

The Halyard
4 Christiaan Barnard Street
Cape Town
8001

STATEMENTS OF FINANCIAL POSITION
as at 30 June 2019

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note	R'000	R'000	R'000	R'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	62 386	60 721	-	-
Investment property	5	65 679	68 741	-	-
Intangible assets	6	20 764	22 980	-	-
Net interest in subsidiary companies	7	-	-	17 499	17 400
Investment in associate	8	153 066	-	-	-
Other investments	9	762	835	6	6
Loan receivable	10	1 874	-	827	-
Deferred tax asset	11	3 386	2 819	-	-
		307 917	156 096	18 332	17 406
Current assets					
Inventories	12	100 637	92 132	-	-
Trade and other receivables	13	20 634	27 521	81	46
Forward exchange contracts		-	746	-	-
Income tax receivable		6	163	-	-
Accrued operating lease asset		1 704	2 859	-	-
Cash and cash equivalents	14	55 593	69 499	4	465
		178 574	192 920	85	511
TOTAL ASSETS		486 491	349 016	18 417	17 917

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

as at 30 June 2019

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note	R'000	R'000	R'000	R'000
EQUITY AND LIABILITIES					
Equity					
Ordinary share capital	15	2 552	650	2 552	650
Preference share capital	15	550	550	550	550
Share premium		6 616	6 616	6 616	6 616
Share-based payments reserve	16	2 926	(116)	20	-
Other reserves	17	1 400	1 438	291	292
Retained earnings		155 114	140 227	6 084	9 309
Equity attributable to equity holders		169 158	149 365	16 113	17 417
Non-controlling interest		150 407	123 157	-	-
Total equity		319 565	272 522	16 113	17 417
Non-current liabilities					
Post-retirement liability	18	730	792	218	218
Accrued operating lease liability	19	13 444	14 235	-	-
Net interest in subsidiary companies	7	-	-	812	-
Loan payable	10	75 200	-	-	-
Deferred tax liability	11	8 631	4 780	-	-
		98 005	19 807	1 030	218
Current liabilities					
Trade and other payables	20	54 103	49 674	1 274	281
Provisions	21	8 761	2 145	-	-
Accrued operating lease liability	19	5 070	4 849	-	-
Forward exchange contracts		294	-	-	-
Income tax payable		693	19	-	1
		68 921	56 687	1274	282
TOTAL EQUITY AND LIABILITIES		486 491	349 016	18 417	17 917

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note	R'000	R'000	R'000	R'000
Revenue	24	708 381	608 064	7	65
Turnover	24	678 873	587 632	-	-
Cost of sales		(321 767)	(267 730)	-	-
Gross profit		357 106	319 902	-	-
Other income		17 213	15 700	-	-
Other operating expenses		(352 510)	(322 834)	(3 139)	(1 314)
Operating profit / (loss)	25	21 809	12 768	(3 139)	(1 314)
Dividend income	24	27	45	-	-
Finance income	24	12 268	4 687	7	65
Finance costs		(3 325)	(71)	(59)	(18)
Share of profit of associate, including gain on bargain purchase	8	30 901	-	-	-
Dilution loss on investment in associate	8	(14 811)	-	-	-
Profit / (loss) before tax		46 869	17 429	(3 191)	(1 267)
Income tax expense	28	(14 605)	(5 897)	(1)	(21)
Profit / (loss) for the year		32 264	11 532	(3 192)	(1 288)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Fair value adjustment on available-for-sale investments		-	245	-	6
Fair value adjustment on assets held at fair value through other comprehensive income		(57)	-	(1)	-
Other comprehensive income for the year, net of taxation		(57)	245	(1)	6
Total comprehensive income for the year		32 207	11 777	(3 193)	(1 282)
Profit / (loss) attributable to:					
Ordinary and "N" ordinary shareholders of the parent		20 118	5 709	(3 225)	(1 321)
Preference shareholders		33	33	33	33
Profit / (loss) attributable to equity holders of the parent		20 151	5 742	(3 192)	(1 288)
Non-controlling interest		12 113	5 790	-	-
Profit / (loss) for the year		32 264	11 532	(3 192)	(1 288)

STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

for the year ended 30 June 2019

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note	R'000	R'000	R'000	R'000
Total comprehensive income attributable to:					
Ordinary and "N" ordinary shareholders of the parent		20 086	5 846	(3 226)	(1 315)
Preference shareholders		33	33	33	33
Profit / (loss) attributable to equity holders of the parent		20 119	5 879	(3 193)	(1 282)
Non-controlling interest		12 088	5 898	-	-
Total comprehensive income for the year		32 207	11 777	(3 193)	(1 282)
Basic earnings per ordinary share (cents)	29	176.7	50.1		
Diluted earnings per ordinary share (cents)	29	176.6	50.1		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2019

	Ordinary share capital	Preference share capital
	R' 000	R' 000
GROUP		
Balance as at 1 July 2017	650	550
Total comprehensive income for the year		
Profit for the year	-	-
Other comprehensive income for the year		
Fair value adjustment for available-for-sale financial assets	-	-
Total comprehensive income for the year	-	-
Contributions by and distributions to owners recognised directly in equity		
Preference dividends	-	-
Total contributions by and distributions to owners recognised directly in equity	-	-
Balance as at 30 June 2018	650	550
Total comprehensive income for the year		
Profit for the year	-	-
Other comprehensive income for the year		
Fair value adjustment on assets held at fair value through other comprehensive income	-	-
Total comprehensive income for the year	-	-
Contributions by and distributions to owners recognised directly in equity		
Shares issued	1 902	-
Preference dividends	-	-
Equity-settled share-based payment	-	-
Delivery of treasury shares	-	-
Change in degree of control*	-	-
Total contributions by and distributions to owners recognised directly in equity	1 902	-
Balance as at 30 June 2019	2 552	550

* The change in degree of control comprises a reduction in equity of R 5 742 623 resulting from the dilution of Rex Trueform's interest in its subsidiary, Ombrecorp Trading (RF) Proprietary Limited, from 100% to 52% on 28 February 2019, and a reduction of R 818 836 as a result of the issue of Rex Trueform "N" ordinary shares in terms of a share incentive scheme to an executive director and a senior executive of Rex Trueform in June 2019 as detailed in note 26.2

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

for the year ended 30 June 2019

Share premium	Share-based payments reserve	Other reserve	Retained earnings	Attributable to equity shareholders	Non-controlling interest	Total
R' 000	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
6 616	(116)	1 301	134 518	143 519	117 276	260 795
-	-	-	5 742	5742	5 790	11 532
-	-	137	-	137	108	245
-	-	137	5 742	5 879	5 898	11 777
-	-	-	(33)	(33)	(17)	(50)
-	-	-	(33)	(33)	(17)	(50)
6 616	(116)	1 438	140 227	149 365	123 157	272 522
-	-	-	20 151	20 151	12 113	32 264
-	-	(32)	-	(32)	(25)	(57)
-	-	(32)	20 151	20 119	12 088	32 207
-	-	-	-	1 902	-	1 902
-	-	-	(33)	(33)	(17)	(50)
-	3 058	-	-	3 058	7 543	10 601
-	-	-	1 309	1 309	1 074	2 383
-	(16)	(6)	(6 540)	(6 562)	6 562	-
-	3 042	(6)	(5 264)	(326)	15 162	14 836
6 616	2 926	1 400	155 114	169 158	150 407	319 565

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

for the year ended 30 June 2019

	Ordinary share capital	Preference share capital
	R' 000	R' 000
COMPANY		
Balance as at 1 July 2017	650	550
Total comprehensive income for the year		
Loss for the year	-	-
Other comprehensive income for the year		
Actuarial gains on post-retirement defined benefit plan	-	-
Total comprehensive income for the year	-	-
Contributions by and distributions to owners recognised directly in equity		
Preference dividends paid	-	-
Total contributions by and distributions to owners recognised directly in equity	-	-
Balance as at 30 June 2018	650	550
Total comprehensive income for the year		
Loss for the year	-	-
Other comprehensive income for the year		
Fair value adjustment on assets held at fair value through other comprehensive income	-	-
Total comprehensive income for the year	-	-
Contributions by and distributions to owners recognised directly in equity		
Shares issued	1 902	-
Preference dividends paid	-	-
Equity-settled share-based payment	-	-
Total contributions by and distributions to owners recognised directly in equity	1 902	-
Balance as at 30 June 2019	2 552	550

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

for the year ended 30 June 2019

Share premium	Share-based payments reserve	Other reserve	Retained earnings	Attributable to equity shareholders	Non-controlling interest	Total
R' 000	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
6 616	-	286	10 630	18 732	-	18 732
-	-	-	(1 288)	(1 288)	-	(1 288)
-	-	6	-	6	-	6
-	-	6	(1 288)	(1 282)	-	(1 282)
-	-	-	(33)	(33)	-	(33)
-	-	-	(33)	(33)	-	(33)
6 616	-	292	9 309	17 417	-	17 417
-	-	-	(3 192)	(3 192)	-	(3 192)
-	-	(1)	-	(1)	-	(1)
-	-	(1)	(3 192)	(3 193)	-	(3 193)
-	-	-	-	1 902	-	1 902
-	-	-	(33)	(33)	-	(33)
-	20	-	-	20	-	20
-	20	-	(33)	1 889	-	1 889
6 616	20	291	6 084	16 113	-	16 113

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2019

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note	R'000	R'000	R'000	R'000
Cash flows from operating activities					
Operating profit / (loss) before working capital changes	31.1	63 069	38 456	(1 218)	(1 345)
Working capital changes	31.2	7 459	(7 327)	958	(43)
Cash generated by / (utilised) in operating activities		70 528	31 129	(260)	(1 388)
Interest received		2 799	4 687	7	65
Interest paid		(125)	(71)	(59)	(18)
Dividends paid	31.3	(50)	(50)	(33)	(33)
Dividends received		27	45	-	-
Taxation paid	31.4	(10 475)	167	(2)	(17)
Net cash inflows / (outflows) from operating activities		62 704	35 907	(347)	(1 391)
Cash flows from investing activities					
Additions to property, plant and equipment		(18 188)	(22 951)	-	-
Additions to investment properties		(349)	(1 494)	-	-
Additions to intangible assets		(1 194)	(1 908)	-	-
Proceeds from disposal of property, plant and equipment		502	-	-	-
Investment in associate		(2 516)	-	-	-
Net cash outflows from investing activities		(21 745)	(26 353)	-	-
Cash flows from financing activities					
Loan advanced		(126 865)	-	(926)	-
Loan received		72 000	-	812	-
Net cash outflows from financing activities		(54 865)	-	(114)	-
Net (decrease) / increase in cash and cash equivalents		(13 906)	9 554	(461)	(1 391)
Cash and cash equivalents at the beginning of the year		69 499	59 945	465	1 856
Cash and cash equivalents at the end of the year	14	55 593	69 499	4	465

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

1. Corporate information

Reporting entity

African and Overseas Enterprises Limited (the "company") is a company domiciled in South Africa (company registration number: 1947/027461/06). The financial statements for the year ended 30 June 2019 comprise the company and its subsidiaries (together referred to as the "group").

Where reference is made to the "group" in the accounting policies, it should be interpreted as referring to the company where the context requires, unless otherwise noted.

The company's registered office is at 263 Victoria Road, Salt River, Cape Town, 7925.

The financial statements were authorised for issue by the directors on 30 September 2019.

2. Accounting policies

Basis of preparation

The group financial statements are presented in South African Rands, which is the company's functional currency, rounded to the nearest thousand, unless otherwise stated. They are prepared on the going concern and historical cost bases, unless otherwise stated.

These financial statements comprise the financial statements of the company ("separate financial statements") and the group financial statements of the company and its subsidiaries ("consolidated financial statements") and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act No. 71 of 2008.

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise stated.

Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard / Interpretation	Effective date Years beginning on or after
IFRS 9 Financial Instruments	1 July 2018
IFRS 15 Revenue from Contracts with Customers	1 July 2018
Amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers	1 July 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 July 2018
Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions	1 July 2018
Amendments to IAS 40 Transfers of Investment Property	1 July 2018
Annual improvements to IFRS Standards 2014 - 2016 cycle	1 July 2018

The group applied IFRS 9 'Financial Instruments' using the retrospective approach without restatement and IFRS 15 'Revenue from Contracts with Customers' using the cumulative effect method as an adjustment to the opening balance of equity at 1 July 2018, where required. Therefore the comparative information has not been restated and continues to be reported under IAS 18 'Revenue' and IAS 39 'Financial Instruments'.

2. Accounting policies (continued)

Standards and interpretations effective and adopted in the current year (continued)

IFRS 9 Financial Instruments
The key changes of IFRS 9 relate to classification and measurement of financial assets and the new impairment model. The new impairment model reflects expected credit losses based on forward-looking information as opposed to incurred credit losses under IAS 39. The group has adopted the simplified impairment approach for all financial assets. The adoption of the standard did not require a restatement of opening reserves at 1 July 2018.

The group has reviewed and assessed existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the group's financial assets as regards their classification and measurement:

Instrument	Classification under IAS 39	Classification under IFRS 9
Amounts receivable from subsidiary company	Loans and receivables	Amortised cost
Trade and other receivables	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost
Other investments	Available for sale financial asset	Fair value through other comprehensive income
Forward exchange contracts	Fair value through profit or loss	Fair value through profit or loss

Financial liabilities are classified as amortised cost except for those derivative liabilities that are measured at fair value through profit or loss.

Carrying amounts have not changed as a result of the transition to IFRS 9.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of the standards on leases, insurance contracts and financial instruments.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations.

The core principle of the standard is that revenue recognised reflects the consideration to which the group expects to be entitled in exchange for the transfer of promised goods or services to the customer. The standard incorporates a five-step analysis to determine the amount and timing of revenue recognition.

Transition to IFRS 15
The group has adopted IFRS 15 'Revenue from Contracts with Customers' from 1 July 2018. In accordance with the transition provisions in IFRS 15, the group has adopted the cumulative effect method, with the effect of initially applying the standard at the date of initial application, being 1 July 2018. Management has determined that the revenue recognition from contract with customers is currently in line with the new IFRS principles and accordingly, no adjustments have been made to prior year figures and policies which were previously reported under IAS 18 nor has there been any impact on the 2018 figures and policies with the adoption of the IFRS 15.

2. Accounting policies (continued)

Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments
In the current year, the group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for:

- the classification and measurement of financial assets and financial liabilities, and
- impairment for financial assets.

Details of these new requirements as well as their impact on the group's financial statements are described below.

The group selected and applied IFRS 9 using the retrospective approach in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets
The date of initial application (i.e. the date on which the group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 July 2018. Accordingly, the group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. Comparatives in relation to instruments that have not been derecognised as at 1 July 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 1 July 2018 where required.

IFRS 9 contains three principal classification categories for financial assets: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification of IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

Transition to IFRS 9
Prior year financial statements have not been restated. This is in compliance with transitional provisions. The adjustments arising from the new impairment rules of IFRS 9, are therefore, not reflected in the statement of changes in equity as at 30 June 2018. The application of the new classification principle did not result in any significant change in classification of financial instruments. The group revised the disclosure of financial instruments in accordance with IFRS 7 as amended by IFRS 9. It is the group's view the expected credit losses for the current year are immaterial.

Impairment of financial assets
As at 1 July 2018, the directors reviewed and assessed the group's existing financial assets for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared the credit risk as at 1 July 2017 and 1 July 2018. Refer to page 62 in relation to the model used by the group for the calculation of expected credit losses. The result of the assessment is as follows:

The application of the IFRS 9 impairment requirements has resulted in no additional loss allowance to be recognised in the current year (2018: R nil).

The directors reviewed and assessed the group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the group's financial assets as regards to their classification and measurement:

Reconciliation of the reclassifications and remeasurements of financial assets as a result of adopting IFRS 9
The following table presents a summary of the financial assets at 1 July 2018. The table reconciles the movement of financial assets from their IAS 39 measurement categories and into their new IFRS 9 measurement categories. "FVTPL" denotes "fair value through profit or loss" and "FVOCI" denotes "fair value through other comprehensive income".

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2019

2. Accounting policies (continued)

Changes in accounting policy (continued)

	GROUP			COMPANY			
	Previous measurement IAS 39	New measurement category: IFRS 9 Amortised cost	Changes - adjustment to equity	Previous measurement IAS 39	New measurement category: IFRS 9 Amortised cost	Changes - adjustment to equity	Change attributable to
	R'000	R'000	R'000	R'000	R'000	R'000	
Previously loans and receivables							
Cash and cash equivalents	69 499	69 499	-	465	465	-	Change in measurement category
Trade and other receivables	6 984	6 984	-	-	-	-	Change in measurement category
	76 483	76 483	-	465	465	-	
Previously available for sale financial assets	**Previous measurement IAS 39**	**New measurement category: IFRS 9 FVOCI**	**Changes - adjustment to equity**	**Previous measurement IAS 39**	**New measurement category: IFRS 9 FVOCI**	**Changes - adjustment to equity**	**Change attributable to**
Other investments	835	835	-	6	6	-	Change in measurement category

	GROUP			COMPANY			
	Previous measurement IAS 39	New measurement category: IFRS 9 FVTPL	Changes - adjustment to equity	Previous measurement IAS 39	New measurement category: IFRS 9 FVTPL	Changes - adjustment to equity	Change attributable to
	R'000	R'000	R'000	R'000	R'000	R'000	
Previously at fair value through profit or loss							
Forward exchange contracts	746	746	-	-	-	-	No change

Classification and measurement of financial liabilities
The application of IFRS 9 has had no impact on the classification and measurement of the group's financial liabilities.

Reconciliation of the reclassifications and remeasurements of financial liabilities as a result of adopting IFRS 9
The following table presents a summary of the financial liabilities as at 1 July 2018. The table reconciles the movement of financial liabilities from their IAS 39 measurement categories and into their new IFRS 9 measurement categories.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2019

2. Accounting policies (continued)

Changes in accounting policy (continued)

	GROUP			COMPANY			
	Previous measurement IAS 39	New measurement category: IFRS 9 Amortised cost	Changes - adjustment to equity	Previous measurement IAS 39	New measurement category: IFRS 9 Amortised cost	Changes - adjustment to equity	Change attributable to
	R'000	R'000	R'000	R'000	R'000	R'000	
Previously amortised cost							
Trade and other payables	40 870	40 870		281	281		No change

Financial impact of initial application of IFRS 9
There was no significant financial impact by the application of IFRS 9 for the current and prior year.

Application of IFRS 15 Revenue from Contracts with Customers
In the current year, the group has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the group financial statements are described below. Refer to the revenue accounting policy for additional details.

The group has applied IFRS 15 with an initial date of application of 1 July 2018 in accordance with the cumulative effect method, by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 July 2018 where required. The comparative information has therefore not been restated.

Classification of sales
There was no significant financial impact due to the adoption of IFRS 15, only disclosure changes. Refer to note 24.

2. Accounting policies (continued)

Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements made in applying the group's accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Inventory valuation

Inventory is valued at the lower of cost and net realisable value. The allowance for mark down and obsolescence of inventory are taken to profit or loss and takes into account historic sales information, seasonality of inventory and customer preferences and represents the expected mark down between the original cost and the estimated net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion (where applicable) and selling expenses. Refer to note 12.

Measurement of fair values

When measuring the fair value of an asset or a liability, the entity uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Interests in consolidated structured entities

African and Overseas Share Trust

The African and Overseas Share Trust is a consolidated structured entity of the group. The financial statements of the trust are included in the consolidated financial statements from the date of registration of the trust. The African and Overseas Share Trust purchases, or subscribes, for "N" ordinary shares in African and Overseas Enterprises and awards these shares to the share trust participants. When the trust transfers these shares to the participants, it is considered to be in substance, two transactions, a distribution of shares from the trust back to the company as treasury shares, followed by a distribution of those shares to the share trust participants.

The company measured its investments in subsidiaries in its separate financial statements at cost less accumulated impairment losses.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Equity accounted investments

Investments accounted for using the equity method consist of associates (entities in which the group has significant influence, but not control; normally accompanying a shareholding of between 20% and 50% of voting rights in the investment).

Equity method of accounting

Under the equity method of accounting, investments are initially recognised at cost, including transaction costs. Subsequent to initial recognition, the carrying value of the investment is adjusted to recognise the group's share of the post-acquisition profits or losses, movements in other comprehensive income and other equity movements, with the corresponding entry accounted for in either the income statement (for the group's share of profits and losses) or other comprehensive income (for the group's share of other comprehensive income and other equity movements after considering the substance of each transaction). Dividends received are accounted for against the carrying value of the investment.

2. Accounting policies (continued)

Use of judgements and estimates (continued)

The group determines whether there is any objective evidence that its investments are impaired at each reporting date. An impairment is the difference between the recoverable amount of the equity accounted investment and its carrying value and is recognised in the income statement.

If the ownership interest in an equity accounted investment is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss. Equity transactions by these entities that cause a dilution in the group's ownership interest are likewise treated as part disposals.

Financial instruments

IFRS 9 replaces the provisions of IAS 39 'Financial instruments: Recognition and measurement' that relate to the recognition, classification and measurement of financial instruments and impairment of financial assets. The adoption of IFRS 9 from 1 July 2018 resulted in changes in accounting policies but not to amounts recognised in the financial statements. The new accounting policies are set out below.

Financial instruments comprise cash and cash equivalents, trade and other receivables / payables, loans receivable / payable, amounts payable to subsidiary companies, other investments and forward exchange contracts.

Recognition and de-recognition of financial instruments
Financial instruments are recognised when, and only when, the group becomes a party to contractual provisions of the particular instrument.

The group de-recognises a financial asset when and only when:

- The contractual rights to the cash flows arising from the financial asset have expired; or
- It transfers the financial asset including substantially all the risks and rewards of ownership of the asset; or
- It transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the asset.

All purchases and sales of financial assets measured at fair value through profit or loss that require delivery within the timeframe established by regulation or market convention ('regular way' purchases and sales) are recognised at trade date, which is the date that the group commits to purchase or sell the asset.

A financial liability is de-recognised when, and only when, the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

All purchases and sales of financial assets measured at fair value through profit or loss that require delivery within the timeframe established by regulation or market convention ('regular way' purchases and sales) are recognised at trade date, which is the date that the group commits to purchase or sell the asset.

Initial measurement
Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Fair value measurement considerations
The fair values of quoted financial assets are based on quoted prices. If the market for a financial asset is not active, the group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

2. Accounting policies (continued)

Use of judgements and estimates (continued)

Classification and measurement under IFRS 9
Financial assets
IFRS 9 contains three principal classification categories for financial assets that are debt instruments: measured at amortised cost, fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

A financial asset is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as at FVTPL):
i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is classified as a financial asset at FVOCI if it meets both of the following conditions (and is not designated as at FVTPL):
i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets that are debt intruments not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at fair value through profit or loss
Financial assets carried at fair value through profit or loss comprise derivative financial instruments such as forward exchange contracts, which the group uses to economically hedge its exposure to foreign exchange arising from operational activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. After initial recognition, financial assets at fair value through profit or loss are measured at fair value with resulting fair value gains or losses being recognised directly in profit or loss.

All related fair value gains and losses are included in cost of sales. Interest earned while holding financial assets at fair value through profit or loss is included in interest income. Dividends received are included in dividend income.

Financial assets at amortised cost
Loans receivable and trade and other receivables
Loans receivable and trade and other receivables including those made to fellow group undertakings, are subsequently measured at amortised cost using the effective interest method less any impairment losses. Interest received is recognised as part of finance income. Finance income, foreign exchange gains and losses and impairment are recognised in profit or loss. All loans receivable and trade and other receivables are recognised when cash is advanced or expected from borrowers.

Cash and cash equivalents
Cash and cash equivalents comprise balances with banks.
For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and balances with banks.

Financial assets at fair value through other comprehensive income
After initial recognition financial assets at fair value through other comprehensive income are measured at fair value with resulting fair value gains or losses being recognised in other comprehensive income and presented within equity in other reserves. This category comprises of other investments.

2. Accounting policies (continued)

Use of judgements and estimates (continued)

Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities carried at fair value through profit or loss comprise derivative financial instruments such as forward exchange contracts which the group uses to economically hedge its exposure to foreign exchange arising from operational activities. In accordance with its treasury policy the group does not hold or issue derivative financial instruments for trading purposes. After initial recognition financial assets at fair value through profit or loss are measured at fair value with resulting fair value gains or losses being recognised directly in profit or loss.

Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise of loan payable and amounts payable to subsidiary companies and are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss as finance costs. Any gain or loss on derecognition is also recognised in profit or loss.

Classification and measurement under IAS 39

Financial instruments

A financial instrument is recognised when the group becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised on the trade date, which is the date the group becomes party to the transactions.

Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, being the date that the group commits itself to purchase or sell the asset.

Financial liabilities are derecognised if the group's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments

Non-derivative financial instruments recognised on the statement of financial position include cash and cash equivalents, trade and other receivables, investments, and trade and other payables.

Other investments

Investments are classified as available-for-sale assets and are measured at fair value. Changes in fair value, other than impairment losses, are recognised in other comprehensive income and presented within equity in other reserves. When an investment is derecognised the cumulative gain or loss is transferred to profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and amounts held on deposit at financial institutions. Cash and cash equivalents are measured at amortised cost using the effective interest method.

Trade and other receivables

Trade and other receivables are measured initially at fair value and subsequently at amortised cost using the effective interest method, less impairment losses.

Trade and other payables

Trade and other payables are measured initially at fair value and subsequently at amortised cost using the effective interest method.

Derivative financial instruments

The group uses derivative financial instruments to economically hedge its exposure to foreign exchange arising from operational activities. In accordance with its treasury policy the group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are subsequently measured at fair value, with the gain or loss on remeasurement being recognised immediately in profit or loss.

2. Accounting policies (continued)

Use of judgements and estimates (continued)

Impairment of financial assets

Policy applicable after 1 July 2018

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model and results in credit losses being recognised earlier than under IAS 39. The new impairment model applies to financial assets measured at amortised cost and FVOCI (for example, loans receivable, trade and other receivables and cash and cash equivalents) but not to investments in equity instruments. As a consequence of the new standard, the group has revised its impairment methodology under IFRS 9 for each of these classes of assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The group recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances for loans receivable and trade and other receivables including amounts due by group companies are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

The group considers a financial asset to be in default when:

i) the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or
ii) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

Policy applicable before 1 July 2018

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the group on terms that the group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payments status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in other comprehensive income is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income or in profit or loss to the extent an impairment was recognised previously.

2. Accounting policies (continued)

Foreign currency

Foreign currency transactions and balances
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to South African Rands at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Property, plant and equipment

Owned assets
Items of property, plant and equipment are measured at cost or deemed cost, less accumulated depreciation (see below) and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When there is a change in intended use, the group transfers assets to or from property, plant and equipment to or from investment property. Where investment property is carried at cost, transfers do not change the carrying amount of the asset transferred and they do not change the cost of that asset for measurement and disclosure purposes.

Gains or losses on the disposal of property, plant and equipment are recognised in profit or loss. The gain or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

Where significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

All other costs are recognised in profit or loss as an expense as incurred.

Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each significant component of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows for the current and comparative periods:

- Buildings 20 to 50 years
- Plant 5 to 10 years
- Equipment and shopfittings 3 to 10 years
- Vehicles 3 to 5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Investment property

Investment properties are properties that are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. Buildings are depreciated to their residual values on a straight-line basis over their expected useful lives. The estimated useful lives of buildings are 20 to 50 years for the current and comparative periods.

When there is a change in intended use, the group transfers assets to or from property, plant and equipment to or from investment property. Where investment property is carried at cost, transfers do not change the carrying amount of the asset transferred and they do not change the cost of that asset for measurement and disclosure purposes.

For disclosure purposes an external, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio regularly. The fair values are based on

2. Accounting policies (continued)

Investment property (continued)

market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Rental income from investment property is accounted for as described in the rental income accounting policy. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the property) is recognised in profit or loss.

Intangible assets

Computer software
Computer software that is acquired or developed by the group and has a finite, useful life is measured at cost, less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation
Amortisation is calculated over the useful life of the asset as based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- Computer software 3 to 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate. In the absence of an active market, the residual value is presumed to be nil.

Impairment of non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value, less costs of disposal. In assessing value, in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets: CGU.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

In respect of assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

2. Accounting policies (continued)

Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Share capital

Ordinary share capital
Ordinary and "N" ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect. On a poll, ordinary shares have 200 votes per share and "N" ordinary shares have 1 vote per share.

Preference share capital
Preference share capital is classified as equity as it is non-redeemable. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Dividends
Dividends are recognised as a liability in the period in which they are declared to the extent that they remain unpaid at the end of the reporting period.

Employee benefits

Short-term employee benefits
The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employee entitlements to wages and salaries represent the amount that the group has a present obligation to pay as a result of employees' services provided to the reporting date. The accruals for short-term employee benefits have been calculated at undiscounted amounts based on current wage and salary rates.

Post-employment benefits
The group contributes to a defined contribution plan and has defined benefit post-retirement medical aid and related obligations.

Defined contribution plan
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution retirement fund are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans
A defined benefit plan is a post-employment plan other than a defined contribution plan. The group's net obligation in respect of a defined benefit plan is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The projected unit credit method is used to determine the present value of the defined benefit post-retirement medical aid and pension obligations and the related current service cost and, where applicable, past service cost. This calculation is performed by a qualified actuary as and when it is deemed appropriate by management. When the calculation results in a benefit to the group the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the group if it is realisable during the life of the plan or on settlement of the plan liabilities.

Current service cost and interest cost in respect of defined benefit plans are recognised immediately in profit or loss. Actuarial gains and losses are recognised in the year in which they arise in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2019

2. Accounting policies (continued)

Employee benefits (continued)

Share-based payment transactions

The group grants equity and cash-settled share instruments to certain employees under an employee share plan. The grant date fair value of forfeitable shares granted to employees is recognised as an expense with a corresponding increase in equity in a separate reserve over the period that the employees become unconditionally entitled to the instruments. The fair value is measured using the five day volume weighted average quoted share price as at the reporting date and is spread over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of share instruments for which the related service and non-market vesting conditions are met, such that the amount ultimately recognised as an expense is based on the number of share instruments that meet the related service and non-market performance conditions at delivery date. Costs incurred in administering the schemes are expensed as incurred.

Provisions and contingent liabilities

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to any provision is recognised in profit or loss. If the effect of the time value of money is material, a discount rate is applied to determine the present value of the provision. Where discounting is applied the annual increase in the provision due to the passage of time is recognised as an interest expense in profit or loss.

Contingent liabilities are not recognised as liabilities in the group financial statements but are disclosed separately in the notes.

Revenue

Classification and measurement under IFRS 15

Revenue is recognised when (or as) a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

Revenue is measured based on the standalone selling price of the merchandise. If the consideration in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probably that a significant revenue reversal will not occur. Contracts for the sale of merchandise provide customers with a right of return. The rights of return give rise to variable consideration.

Revenue arising from the consignment model is only recognised at the point where the end user pays for the goods.
Lay-by revenue is only recognised when the full purchase price of the goods have been paid.

Customer purchases of gift vouchers, to be used in our stores or on our online platforms, are not recognised as revenue until the voucher is redeemed and the customer purchases merchandise using the gift voucher. Gift vouchers, in line with the 3-year prescription period, are deemed to only expire after 3 years. A certain number of vouchers will not be fully redeemed and is considered to be immaterial.

Lay-by revenue and the proceeds from gift vouchers are recognised as deferred income until recognised as revenue.

The main categories of revenue and the basis of recognition are as follows:

Turnover

Turnover comprises net income from the sale of merchandise and is recognised when control of the merchandise is transferred to the customer. It is the group's policy to sell its products to the retail customer with a right to return within a specified period. Accumulated experience is used to estimate and provide for such returns. Under IFRS 15, the group has recorded a right-to-return asset included in inventories and a customer returns provision included in provisions in the statement of financial position.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

2. Accounting policies (continued)

Revenue (continued)

Finance income
Finance income is recognised in profit or loss as it accrues, using the effective interest method.

Royalty fee income
Royalty fee income, based on the sale of merchandise by franchisees, is recognised in profit or loss in the period in which it is earned, according to the applicable contractual arrangements.

Dividend income
Dividend income is recognised in profit or loss on the date the entity's right to receive payments is established.

Prior to 1 July 2018, revenue from the sale of goods was recognised and measured in accordance with IAS 18 Revenue, as follows:

Classification and measurement under IAS18
Revenue from the sale of goods (men's and ladies' clothing and accessories) is recognised in profit or loss as turnover when the significant risks and rewards of ownership have been transferred to the buyer. All turnover is measured at the fair value of the consideration received or receivable and is exclusive of value added tax and net of returns, discounts and rebates.

Operating profit / (loss) is the profit or loss incurred or earned from normal business operations.

Expenses

Operating lease payments
Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Contingent rent is excluded from the straight-line lease payments and expensed as incurred.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Cost of sales
Cost of sales comprises the direct cost of merchandise sold and includes stock losses and allowances for mark downs.

Finance cost
Finance cost comprise interest payable on borrowings calculated using the effective interest method.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised directly in equity or in other comprehensive income.

Current tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax
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 is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the consequences that would follow the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2. Accounting policies (continued)

Income tax (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to off-set current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividends withholding tax
Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The company withholds dividends tax on behalf of its shareholders at prevailing statutory rates on dividends declared. Amounts withheld are not recognised as part of the company's tax charge but rather as part of the dividend paid recognised directly in equity.

Dividends withholding tax (continued)
Where tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholding tax recognised as part of the tax expense, unless it is otherwise reimbursable in which case it is recognised as an asset.

Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the executive members of the board, identified as the chief operating decision-maker, to make decisions about resources to be allocated to the segment and assess its performance and for which internal financial information is available.

Segment results that are reported to the board include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Earnings per share

The group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Headline earnings per share ("HEPS") are calculated per the requirements of Circular 4/2018, issued by SAICA as required by the JSE Listings Requirements, using the same number of shares as the EPS and diluted EPS calculations.

Comparative figures

Where applicable, the disclosure of comparative figures have been regrouped in order to align those figures with current year classification.

The only reclassification to the statements of financial position relates to the separate disclosure of provisions.

Other reclassifications related to categories within the notes.

2. Accounting policies (continued)

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal 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.

A number of the group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3. Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 July 2019 or later periods:

Standard / interpretation		Effective date beginning on or after	Expected impact
IFRS 16	Leases	1 January 2019	Refer below
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	Low
IAS 19	Plan amendment, curtailment or settlement – amendments	1 January 2019	Low
IFRS 9	Prepayments Features with Negative compensation - amendments	1 January 2019	Low
	Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019	Low
	Conceptual Framework for Financial Reporting	1 January 2019	Low
IAS 1 & IAS 8	Definition of Material – amendments	1 January 2019	Low

3. Standards and interpretations not yet effective (continued)

IFRS 16 Leases
The standard is effective for annual periods beginning on or after 1 January 2019. The requirements of the new standard will require all leases to be recorded on the statement of financial position. IFRS 16 requires the recognition of a right of use asset relating to the asset being leased and a lease liability representing the present value of future lease commitments.

The nature of expenses related to leases will also change because the group will recognise a depreciation charge for the right of use asset and interest expense on IFRS 16 lease liability.

Management has calculated the expected impact of IFRS 16 using the modified retrospective approach with practical expedients allowed per the new IFRS and it is assessed to be material. In the calculation, management made use of judgements and estimates that may significantly impact the result of the calculation. As a result, management discounted the expected future lease payments using an expected range to calculate the present value of the expected future payments. These present values are based on a portfolio approach. This calculation was used for both the right of use of asset and the lease liability. The practical expedients included in the calculation are as follows:

- only fixed basic rentals were taken into account;
- management has followed the portfolio approach and categorised leases in three portfolios being metro, town and township in determining the discount rate to be used; and
- the IAS 17 lease smoothing liability will be collapsed against the right of use asset.

The following assumptions were used in the calculations:

- discount rates: metro - prime, town - prime plus 0.5% and township - prime + 1.0%
- renewal periods were only included where there was a contractual right to renew and management was of the intent of renewing the contract.

	GROUP			COMPANY		
Expected effect of IFRS 16	**Closing balance 2019**	**Expected IFRS 16 impact**	**Opening balance 2020**	**Closing balance 2019**	**Expected IFRS 16 impact**	**Opening balance 2020**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Effect on statement of financial position						
Right of use of asset	-	297 660 to 328 993	297 660 to 328 993	-	-	-
IFRS 16 lease liability	-	(316 639) to (349 970)	(316 639) to (349 970)	-	-	-
Operating lease liability	(18 514)	18 514	-	-	-	-
Deferred income	(1 791)	1 465	(326)	-	-	-
Deferred tax asset	5 546	-	5 546	-	-	-
Effect on statement of comprehensive income						
Reduction in occupancy cost	-	85 163 to 94 127	-	-	-	-
Increase in depreciation	-	(69 108) to (76 383)	-	-	-	-
Increase in finance costs	-	(31 244) to (34 533)	-	-	-	-

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
4. Property, plant and equipment				
Land and buildings				
Cost at the beginning of the year	5 896	3 771	-	-
Additions	1 074	2 125	-	-
Cost at the end of the year	6 970	5 896	-	-
Accumulated depreciation at the beginning of the year	418	157	-	-
Depreciation charge for the year	336	261	-	-
Accumulated depreciation at the end of the year	754	418	-	-
Carrying value at the beginning of the year	5 478	3 614	-	-
Carrying value at the end of the year	6 216	5 478	-	-
Fair value	25 000	25 100	-	-
Plant				
Cost at the beginning of the year	287	287	-	-
Additions	10	-	-	-
Cost at the end of the year	297	287	-	-
Accumulated depreciation at the beginning of the year	74	55	-	-
Depreciation charge for the year	20	19	-	-
Accumulated depreciation at the end of the year	94	74	-	-
Carrying value at the beginning of the year	213	232	-	-
Carrying value at the end of the year	203	213	-	-
Vehicles				
Cost at the beginning of the year	1 423	1 423	-	-
Additions	19	-	-	-
Disposals	(228)	-	-	-
Cost at the end of the year	1 214	1 423	-	-
Accumulated depreciation at the beginning of the year	1 400	1 362	-	-
Depreciation charge for the year	25	38	-	-
Depreciation on disposals	(228)	-	-	-
Accumulated depreciation at the end of the year	1 197	1 400	-	-
Carrying value at the beginning of the year	23	61	-	-
Carrying value at the end of the year	17	23	-	-

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
4. Property, plant and equipment (continued)				
Equipment and shopfittings				
Cost at the beginning of the year	200 669	180 007	-	-
Additions	17 087	20 826	-	-
Disposals	(18 637)	(164)	-	-
Cost at the end of the year	199 119	200 669	-	-
Accumulated depreciation at the beginning of the year	145 662	126 764	-	-
Depreciation charge for the year	16 070	19 033	-	-
Depreciation on disposals	(18 563)	(135)	-	-
Accumulated depreciation at the end of the year	143 169	145 662	-	-
Carrying value at the beginning of the year	55 007	53 243	-	-
Carrying value at the end of the year	55 950	55 007	-	-
Total carrying value at the beginning of the year	60 721	57 150	-	-
Total carrying value at the end of the year	62 386	60 721	-	-

Impairment tests for plant and equipment

The group reviews the carrying values of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Carrying values of assets were assessed against the recoverable amounts, being the higher of the value-in-use and an indicative selling price.

Fair value for financial reporting purposes

The fair value of land and buildings has been determined on a capitalisation of income basis as at 30 June 2019 by independent valuers, Sterling Valuation Specialists. In applying this method the professional associated valuers has given consideration to the rental-producing capacity of the property taking into account its location, structure and the rental producing capacity of similar buildings.

The fair value measurement for land and buildings has been categorised as a Level 3 fair value based on the inputs of the valuation technique.

Significant unobservable inputs:

• Capitalisation rate 10% (2018: 10%)

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
5. Investment property				
Cost at the beginning of the year	83 098	81 604	-	-
Additions	349	1 494	-	-
Cost at the end of the year	83 447	83 098	-	-
Accumulated depreciation at the beginning of the year	14 357	10 572	-	-
Depreciation charge for the year	3 411	3 785	-	-
Accumulated depreciation at the end of the year	17 768	14 357	-	-
Carrying value at the beginning of the year	68 741	71 032	-	-
Carrying value at the end of the year	65 679	68 741	-	-
Fair value	203 200	198 500	-	-
Included in profit and loss are the following items:				
Rental income from investment property	16 786	15 700		
Direct operating expenses (including repairs and maintenance) relating to rental generating investment properties	8 249	8 236		
Direct operating expenses (including repairs and maintenance) relating to investment properties which did not generate income	378	191		
The group leases out certain of its investment properties. The future minimum lease payments under non-cancellable leases are as follows:				
Less than one year	19 017	16 415	-	-
Between one and five years	13 463	9 555	-	-
Later than five years	-	66	-	-
Total	32 480	26 036	-	-

5. Investment property (continued)

Group level

The group owns property included in investment property of the subsidiary, Rex Trueform Group Limited that is leased to, and partly occupied by its subsidiary, Queenspark Proprietary Limited. The portion relating to the office space which is occupied by the group was considered insignificant and as a result the entire building and equipment integral to the building is classified as investment property.

Management has considered the following when assessing the owner occupied portion as insignificant:
Queenspark Proprietary Limited occupies approximately 10% (2018: 10%) of the Rex Trueform Office Park ("RTOP") building and in relation to gross lettable area, this is regarded as insignificant.

The group's investment properties include commercial properties that are leased out to third parties. Rental increases vary between 7% and 9% (2018: 7% to 9%). Subsequent renewals may be negotiated with the lessee and the average renewal periods are from two to five years. No contingent rentals are charged.

There are commitments to further develop our investment properties by R 0.5 million (2018: R 0.7 million).

Fair value for financial reporting purposes

The fair value of investment property has been determined using the discounted cash flow method or applicable bulk rate as at 30 June 2019 by independent valuers, Sterling Valuation Specialists. In applying this method the professional associated valuers has given consideration to the rental-producing capacity of the properties taking into account their location, structure and the rental producing capacity of similar buildings.

The fair values of investment properties were determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property has been categorised as a Level 3 fair value based on the inputs of the valuation technique.

Significant unobservable inputs:

- Capitalisation rate 9% -10.5% (2018: 8.75% -10.5%)
- Discount rate 14.50% (2018: 14.75%)

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
6. Intangible assets				
Computer software and other intangible assets				
Cost at the beginning of the year	39 566	37 658	-	-
Additions (computer software)	1 194	1 908	-	-
Cost at the end of the year	40 760	39 566	-	-
Accumulated amortisation at the beginning of the year	16 586	12 885	-	-
Amortisation charge for the year	3 410	3 701	-	-
Accumulated amortisation at the end of the year	19 996	16 586	-	-
Carrying value at the beginning of the year	22 980	24 773	-	-
Carrying value at the end of the year	20 764	22 980	-	-

	Issued capital	Share-holding	SHARES AT COST		INDEBTEDNESS	
			2019	2018	2019	2018
	R	%	R	R	R' 000	R' 000
7. Net interest in subsidiary companies						
Rex Trueform Group Limited						
Ordinary shares	1 452 903	72.62	2 187	2 187		
"N" ordinary shares	44 341	51.94	15 212	15 212		
6% cumulative preference shares	280 000	0.59	1	1		
- loan payable					(812)	-
During the current financial year Rex Trueform provided financial assistance to the company. The financial assistance was approved by the board on 24 June 2019, refer to SENS issued on 8 July 2019. The loan is unsecured and bears interest at the prime rate of interest. The loan is repayable by the fifth anniversary of the signature date of the loan as cash resources permit and is therefore considered to be of a long-term nature.						
African and Overseas Share Trust						
- loan receivable					99	-
During the current financial year the company provided financial assistance to the share trust in order to purchase shares. The financial assistance was approved by the board on 26 June 2019, refer to SENS issued on 8 July 2019. The loan receivable is interest free and is repayable before the fifth anniversary of the effective date of the loan. The loan is not expected to be repaid within 12 months and is therefore considered to be of a long-term nature.						
			17 400	17 400	(713)	-

	COMPANY	
	2019 R' 000	2018 R' 000
7. Net interest in subsidiary companies (continued)		
Summary		
Shares at cost	17 400	17 400
Investment in subsidiary companies	17 400	17 400
Non-current amounts receivable from subsidiary company	99	-
Non-current amounts payable to subsidiary company	(812)	-
Net interest in subsidiary companies	16 687	17 400
Shown as:		
Non-current assets	17 499	17 400
Non-current liabilities	(812)	-
	16 687	17 400
Loan payable to subsidiary company		
Balance at the beginning of the year	-	-
Loan received during the year	(2 000)	-
Repayments during the year	1 190	-
Capitalised borrowing costs	(2)	-
Balance at the end of the year	(812)	-

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
8. Investment in associate				
Interest in associate	153 066	-	-	-
Investment at cost	2 516	-	-	-
Equity accounted earnings	20 417	-	-	-
Dilution loss on investment in associate	(14 811)	-	-	-
Gain from bargain purchase on investment in associate	10 484	-	-	-
Carrying value	18 606	-	-	-
Long-term loans	134 460	-	-	-
Total	153 066	-	-	-

On 26 September 2018 Ombrecorp Trading (RF) Proprietary Limited provided loan funding to SA Water Works Holding Company (RF) Proprietary Limited. The loan is unsecured and bears interest at prime plus 5%. The loan is repaid as and when cash resources are available, on a bi-annual basis from distributions received from the underlying operating subsidiaries of the associate. The loan is not expected to be repaid within 12 months and is therefore considered to be of a long-term nature. Extensive due diligence and independent valuations were conducted on the underlying operating subsidiaries of the associate prior to the group entering into the transaction. The performance of the operations are monitored against expected targets and management plays an active role in managing the investment via board representation on all controlled entities within the investment group structure. Based on the solvency, liquidity and performance of the operations, management is satisfied that the loan is recoverable and no impairment thereof necessary.

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
Reconciliation of carrying value at the beginning and end of the year				
Carrying value at the beginning of the year	-	-	-	-
Share of net attributable profit of associate	20 417	-	-	-
Investment at cost	2 516	-	-	-
Dilution loss on investment in associate	(14 811)	-	-	-
Gain from bargain purchase on investment in associate	10 484	-	-	-
Loans advanced during the year	125 135	-	-	-
Loans repaid during the year	(144)	-	-	-
Interest accrued during the year	9 469	-	-	-
Carrying value at the end of the year	153 066	-	-	-

8. Investment in associate (continued)

Investment in and loan to associate

During the period under review the group acquired 30% of the issued share capital of SA Water Works Holding Company (RF) Proprietary Limited ("SAWW") for a nominal consideration via Ombrecorp Trading (RF) Proprietary Limited ("Ombrecorp"), a subsidiary which was acquired as a shelf company for the purpose of the investment. A total of R 125 000 000 in funding was provided to SAWW consisting of share capital of R 300 and loan funding of R 124 999 700.

SAWW was specifically incorporated in order to acquire controlling interests in two water concession businesses:
(i) Siza Water (RF) Proprietary Limited ("Siza"); and
(ii) Silulumanzi (RF) Proprietary Limited and SA Water Works Utilities (RF) Proprietary Limited (collectively "Silulumanzi").

Siza conducts a water concession business operating predominantly in the municipal boundaries of the Ilembe District Municipality and surrounding areas in Kwazulu-Natal. Founded in 1998, it provides water and water services to residential, industrial and commercial consumers pursuant to a concession agreement executed between the Ilembe District Municipality and Siza.

Silulumanzi has been in existence since 1998 and conducts a water concession business, operating in the municipal boundaries of the City of Mbombela Local Municipality and the greater parts of Nelspruit and, since 1999, has provided water and water services to residential, commercial and industrial consumers pursuant to the concession agreement executed between the City of Mbombela Local Municipality and Silulumanzi.

Timeline of key dates for the investment:

- 26 September 2018: A 33.78% interest in SAWW was acquired via Ombrecorp (a wholly-owned subsidiary at the time) for a nominal value of R 125. R 41 326 850 is lent to SAWW for the acquisition of Siza. The Siza transaction closed on this date;

- 21 December 2018: A new SAWW shareholder was introduced necessitating the issuance of additional shares reducing the group's interest in SAWW from 33.78% to 15.16%. A dilution loss on investment is recognised amounting to R 14 811 423. The Silulumanzi transaction closed on this date;

- 31 December 2018: SAWW group financial year end; and

- 28 February 2019: An additional interest in SAWW is acquired for a nominal value of R 175 increasing the group's interest from 15.16% to 30%. R 10 484 414 is recognised as a gain on bargain purchase. Ombrecorp acquires R72 000 000 in funding from 27four Life Limited and utilising the funding together with own resources advances R 83 672 850 to SAWW for the acquisition of Silulumanzi. Additional Ombrecorp shares are issued resulting in the transfer of 48% of the issued shares to certain not-for-profit organisations. The group's share in Ombrecorp reduces to 52% and the effective interest in SAWW reduces to 15.6%. The Ombrecorp share issue results in an IFRS2 equity-settled share-based payment expense amounting to R 10 514 720.

As outlined above, Ombrecorp's interest in SAWW reduced from 33.78% to 15.16% on 21 December 2018 and then later increased to 30% on 28 February 2019. Rex Trueform's management considered the events giving rise to the changes in shareholding to be part of one indivisible transaction and in line with the purchase agreements originally entered into which also afforded certain minority protections as well as guaranteed board representation on SAWW and subsidiary boards. MA Golding and CL Lloyd currently occupy these board positions. As a result, the investment in SAWW was therefore consistently accounted for as an investment in associate throughout the financial year.

Refer to SENS announcements issued by Rex Trueform on 28 September 2018, 24 January 2019 and 25 February 2019 for further detailed information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2019

8. Investment in associate (continued)

Investment in and loan to associate (continued)

The following table summarises the financial information of SAWW as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the group's interest in SAWW. The information for 2019 presented in the table includes the results of SAWW for the period from 26 September 2018 to 30 June 2019.

	GROUP	
	2019 R' 000	2018 R' 000
Percentage ownership	30.0%	-
Rex Trueform's subsidiary, Ombrecorp, directly owns 30% of the issued share capital of SAWW. Rex Trueform owns 52% of the issued share capital of Ombrecorp.		
Summarised statement of financial position		
Non-current assets	1 087 702	-
Current assets	334 065	-
Non-current liabilities	(1 125 626)	-
Current liabilities	(196 034)	-
Non-controlling interest	(46 472)	-
Net assets (100%)	53 635	-
Group's share of net assets (30%)	16 090	-
Summarised statement of comprehensive income		
Revenue	411 645	-
Profit after tax	61 337	-
Attributable to non-controlling shareholders	(7 702)	-
Attributable profit and comprehensive income (100%)	53 635	-
Group's share of total comprehensive income (33.78%; 15.16%; 30%)	20 417	-

The group's interest in SAWW was 33.78% for the period 26 September 2018 to 20 December 2018, during this period the share of total comprehensive income was R 26 870 562. The group's interest in SAWW was then diluted to 15.16% for the period 21 December 2018 to 28 February 2019, during this period the share of comprehensive income was a loss of R 1 348 645. The group's interest in SAWW increased to 30% for the period 1 March 2019 to June 2019, during this period the share of comprehensive income was a loss of R 5 104 437.

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
9. Other investments				
Unlisted shares:				
Business Partners Limited				
- 104 800 shares at fair value	650	734	-	-
Listed shares				
Sanlam Limited				
-1356 shares at fair value	106	95	-	-
Other	6	6	6	6
Total at fair value through other comprehensive income (2018: available-for-sale investments)	762	835	6	6
10. Loan receivable / (payable)				
Non-current loans receivable				
Unsecured loans to share scheme participants - related party	1 874	-	827	-
Non-current loan payable				
Unsecured loan raised to finance investment in associate	(75 200)	-	-	-
10.1 Unsecured loans to share scheme participants				
Balance at the beginning of the year	-	-	-	-
Advances during the year	1 874	-	827	-
Balance at the end of the year	1 874	-	827	-
Non-current loans payable				
Unsecured loans in relation to investment in associate	(75 200)	-	-	-

The loans are unsecured and interest-free. Repayment terms are the earlier of [i] 5 days after disposal of the shares by the scheme participant, [ii] within 30 days written notice from the lender after the third anniversary of the loan [iii] by the fifth anniversary of the signature date. The loan is not expected to settled within 12 months and is therefore considered to be of a long-term nature. Shareholder approval for the loans was obtained in terms of section 45 of the Companies Act.

	GROUP 2019 R' 000	GROUP 2018 R' 000	COMPANY 2019 R' 000	COMPANY 2018 R' 000

10. Loan receivable / (payable) (continued)

10.2 Unsecured loan raised to finance investment in associate

	GROUP 2019 R' 000	GROUP 2018 R' 000	COMPANY 2019 R' 000	COMPANY 2018 R' 000
Balance at the beginning of the year	-	-	-	-
Loan received during the year	(72 000)	-	-	-
Interest accrued during the year	(3 200)	-	-	-
Balance at the end of the year	(75 200)	-	-	-

Ombrecorp received loan funding from 27four Life Limited for the sole purpose of acquiring the group's 30% interest in SAWW. The loan is unsecured and bears interest at the 6 month Jibar interest rate plus 5%. The loan is repayable as and when cash resources permit, on a bi-annual basis from distributions received from the underlying operating subsidiaries of SAWW. The loan is not expected to be repaid within 12 months and is therefore considered to be of a long-term nature.

11. Deferred tax asset / (liability)

	GROUP 2019 R' 000	GROUP 2018 R' 000	COMPANY 2019 R' 000	COMPANY 2018 R' 000
Balance at the beginning of the year	(1 961)	3 035	-	-
- Deferred tax assets	2 819	6 149	-	-
- Deferred tax liabilities	(4 780)	(3 114)	-	-
Charge to profit or loss	(3 299)	(4 930)	-	-
- current year	(2 540)	(4 661)	-	-
- prior year over provision	(759)	(269)	-	-
Recognised in statement of comprehensive income	16	(66)	-	-
- Investments	16	(66)	-	-
Current year movement in temporary differences recognised in profit or loss	(3 299)	(4 930)	-	-
Accruals and provisions	2 193	942	-	-
Property, plant and equipment, Intangibles and Investment property	(2 648)	(3 677)	-	-
Forward exchange contracts	82	(220)	-	-
Lease asset	324	196	-	-
Prepaid expense	(683)	(443)	-	-
Assessed loss	(2 567)	(1 728)	-	-
Current year movement in temporary differences recognised in statement of comprehensive income	16	(66)	-	-
- Investments	16	(66)	-	-

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
11. Deferred tax asset / (liability) (continued)				
Balance at the end of the year	(5 245)	(1 961)	-	-
- Deferred tax assets	3 386	2 819	-	-
- Deferred tax liabilities	(8 631)	(4 780)	-	-
Comprising:				
Deferred tax assets	15 936	16 440	-	-
- Assessed losses	3 689	6 254	-	-
- Accruals and provisions	12 165	10 186	-	-
- Forward exchange contracts	82	-	-	-
Deferred tax liabilities	(21 181)	(18 401)	-	-
- Property, plant and equipment, intangible assets and investment property	(16 875)	(14 226)	-	-
- Lease asset	(477)	(801)	-	-
- Investments	(48)	(66)		
- Forward exchange contracts	-	(209)	-	-
- Prepaid expense	(3 781)	(3 099)	-	-

The directors have considered the future profitability and on the basis that taxable income and capital gains are probable in the foreseeable future, deferred tax assets have been recognised.

Deferred tax assets and liabilities are recognised on the assumption that the assets and liabilities will either be recovered through use in the future or will be realised through sale. A capital gains tax rate of 22.4% (2018: 22.4%) was used to compute deferred tax for assets and liabilities which will be realised through sale, and a rate of 28% (2018: 28%) was used for deferred tax balances to be recovered through use.

The subsidiary company operating in Namibia has a tax rate of 32% (2018: 32%).

Management considers that there will be future taxable profits against which the assessed losses will be utilised. The assessed losses relates to the property segment of the group and has arisen due to accelerated tax allowances.

The company has no assessed losses in the current year or brought forward from prior years. As a result no deferred tax asset was recognised.

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
12. Inventories				
Merchandise on hand	73 635	71 708	-	-
Merchandise at sea	25 900	20 424		
Right-to-return asset	1 102	-	-	-
Inventories at the end of the year	100 637	92 132	-	-
Inventories carried at net realisable value	26	245	-	-
Net realisable value provision beginning of year	9 700	10 611	-	-
Inventory provision / (provision reversals) included in profit or loss	3 123	(911)	-	-
Net realisable value provision end of year	12 823	9 700		
Inventory write-downs are due to the seasonal nature of product.				
13. Trade and other receivables				
Trade receivables	1 324	5 400	-	-
Prepayments	18 502	18 285	81	46
VAT receivable	-	2 252	-	-
Other receivables	808	1 584	-	-
At the end of the year	20 634	27 521	81	46
Reconciliation				
Financial instruments				
Trade receivables	1 324	5 400	-	-
Other receivables	808	1 584	-	-
Non-financial instruments				
VAT receivable	-	2 252	-	-
Prepayments	18 502	18 285	81	46
	20 634	27 521	81	46

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000

13. Trade and other receivables (continued)

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	GROUP 2019 R' 000	GROUP 2018 R' 000	COMPANY 2019 R' 000	COMPANY 2018 R' 000
At amortised cost	2 132	6 984	-	-
Non-financial instruments	18 502	20 537	81	46
	20 634	27 521	81	46

14. Cash and cash equivalents

	GROUP 2019 R' 000	GROUP 2018 R' 000	COMPANY 2019 R' 000	COMPANY 2018 R' 000
Bank balances	22 522	14 022	4	165
Call deposits	33 071	55 477	-	300
At the end of the year	55 593	69 499	4	465

Call deposit includes an amount of R 577 500 pledged to the City of Cape Town.

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
15. Share capital				
Authorised share capital				
Ordinary shares				
10 000 000 ordinary shares of no par value (2018: 1 250 000)	625	625	625	625
80 000 000 "N" ordinary shares of no par value (2018: 20 000 000)	50	50	50	50
	675	675	675	675
Preference shares				
275 000 6% cumulative participating preference shares of R 2 each	550	550	550	550
	1 225	1 225	1 225	1 225
Issued share capital				
Ordinary shares				
1 250 000 ordinary shares of no par value (2018: 1 250 000)	625	625	625	625
10 200 801 "N" ordinary shares of no par value (2018: 10 137 441)	1 927	25	1 927	25
	2 552	650	2 552	650
Preference shares				
275 000 6% cumulative participating preference shares of R 2 each	550	550	550	550
	3 102	1 200	3 102	1 200

The increase in authorised share capital was approved at the 2017 Annual General Meeting and was increased with effect from January 2018. The unissued shares are under the control of the directors until the annual general meeting.

In June 2019 a total of 63 360 "N" ordinary shares were awarded and issued to executive directors and senior executives via the African and Overseas Share Trust in terms of the employee share scheme. A further 63 360 share options on "N" ordinary shares were awarded to executive directors and senior executives in June 2019. Refer to note 26.2.

No dividends were declared or paid by the company on ordinary and "N" ordinary shares during the year (2018:Rnil)

The directors have not proposed a dividend per share in respect of the 2019 year on ordinary and "N" ordinary shares.

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
16. Share-based payments reserve				
Non-distributable	2 987	-	-	-
Distributable	(61)	(116)	20	-
At the end of the year	2 926	(116)	20	-

The following transactions occurred during the year which gave rise to a movement in the share-based payment reserve:

i) Non-distributable reserve - an equity-settled share-based payment expense of R 10 514 720 arose as a result of the award of shares in Ombrecorp Trading (RF) Proprietary Limited to the non-controlling shareholders for below fair value. The group's share of the resulting share-based payment reserve amounted to R 2 987 164. Refer to note 8.

ii) Distributable reserve - an equity-settled share-based payment expense arose as a result of share options granted to executive directors and senior executives. Refer to note 26.2.

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
17. Other reserves				
Revaluation of assets held at fair value through other comprehensive income (2018: available-for-sale financial assets)*	335	369	5	6
Actuarial gain on post-retirement defined benefit plan	1 065	1 069	286	286
At the end of the year	1 400	1 438	291	292

*Relates to other investments as per note 9.

18. Post-retirement liability

At 30 June 2019, the group had an obligation to provide limited post-retirement benefits to seven (2018: eight) former employees.

The benefits largely relate to medical aid contributions. The obligation is unfunded and any benefits paid are through the group's cash resources.

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
18. Post-retirement liability (continued)				
Reconciliation of liability				
At the beginning of the year	792	899	218	249
Interest cost included in profit or loss	123	66	57	18
Benefits paid	(185)	(173)	(57)	(49)
At the end of the year	730	792	218	218
Amount included in profit or loss				
Interest cost	123	66	57	18
	123	66	57	18

19. Accrued operating lease liability

The group leases its store trading premises under operating leases. Leases are contracted for periods of between one and eight years, with certain lease agreements providing for renewal options for similar periods. The lease agreements for certain stores provide for a minimum annual rental payment and additional payments determined on the basis of turnover achieved. Rental escalations vary between 6% and 10% (2018: 6% to 10%) per annum.

Lessee

At 30 June 2019, future non-cancellable minimum lease rentals were payable during the following financial years:

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
Minimum lease payments				
Cash flows year 1	96 563	94 993	-	-
Cash flows years 2 to 5	212 756	220 768	-	-
Cash flows > year 5	24 132	9 463	-	-
Total future cash flows	333 451	325 224	-	-
Accrued operating lease liability - Non-current	(13 444)	(14 235)		
Accrued operating lease liability - Current	(5 070)	(4 849)	-	-
Future expenses	314 937	306 140	-	-

Lessor – refer to note 5.

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
20. Trade and other payables				
Trade payables	24 999	21 159	10	-
Deferred income	1 791	1 883	-	-
VAT payable	943	235	-	-
Employee benefit accruals	10 604	6 686	827	-
Other payables and accruals	15 766	19 711	437	281
At the end of the year	54 103	49 674	1 274	281
Reconciliation				
Financial instruments				
Trade payables	24 999	21 159	10	-
Other payables	15 766	19 711	437	281
Non-financial instruments				
Deferred income	1 791	1 883	-	-
VAT payable	943	235	-	-
Employee benefit accruals	10 604	6 686	827	-
	54 103	49 674	1 274	281
Categorisation of trade and other payables				
Trade and other payables are categorised as follows in accordance with IFRS 9: Financial Instruments:				
At amortised cost	40 765	40 870	447	281
Non-financial instruments	13 338	8 804	827	-
	54 103	49 674	1 274	281

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000

21. Provisions

Employment costs	3 680	1 000	-	-
Customer returns	2 345	1 145	-	-
Provision for occupancy commitments	2 736	-	-	-
	8 761	2 145	-	-

21.1 Employment costs

At the beginning of the year	1 000	-	-	-
Movement in profit or loss	2 680	1 000	-	-
At the end of the year	3 680	1 000	-	-

The provision relates to staff bonuses.

21.2 Customer returns

At the beginning of the year	1 145	-	-	-
Movement in profit or loss	1 200	1 145	-	-
At the end of the year	2 345	1 145	-	-

It is the group's policy to accept merchandise returns up to 30 days after the sale has occurred or in the case of defective goods up to six months after sale, provided that the customer has retained proof of purchase. The amount of the provision was calculated with reference to historical sales returns.

21.3 Provision for occupany commitments

At the beginning of the year	-	-	-	-
Movement in profit or loss	2 736	-	-	-
At the end of the year	2 736	-	-	-

The provision relates to amounts provided for under onerous lease contracts. An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The provision is therefore based on the present value of the remaining lease commitments as well as any related closure costs.

The identification of onerous leases is reliant on management's judgement as to whether a store will return to profitability in the foreseeable future or not. If management is of the view that a store will not return to profitability within the foreseeable future it is classified as an onerous lease. In making its assessment, management takes into account a number of factors including shopping centre footfall, the historic profitability of the store and the possibility of renegotiating lease terms.

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
22. Capital commitments				
Capital commitments include all projects for which specific board approval has been obtained.				
Authorised but not yet contracted for				
Store development	7 989	8 126	-	-
Computer infrastructure and software	3 777	2 496	-	-
Plant and machinery	778	650	-	-
Head office refurbishments	739	830	-	-
Motor vehicle	496	-	-	-
Total	13 779	12 102	-	-
Authorised and contracted for (less amounts already incurred)				
Store development	16 123	5 618	-	-
Plant and machinery	30	-	-	-
Computer software	682	105	-	-
Total	16 835	5 723	-	-

The capital commitments will be financed by cash resources and cash generated from operations and are expected to be incurred in the following year.

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
23. Financial instruments				
23.1 Fair values				
The carrying values of financial assets and financial liabilities, which also approximate their fair values, are as follows:				
Trade and other receivables	2 132	6 984	-	-
Cash and cash equivalents	55 593	69 499	4	465
Amounts receivable from subsidiary company	-	-	99	-
Loans receivable	1 874	-	827	-
Trade and other payables	(40 765)	(40 870)	(447)	(281)
Amounts payable to subsidiary company	-	-	(812)	-
Loan to associate company	134 460	-	-	-
Loan payable	(75 200)	-	-	-
	78 094	35 613	(329)	184

Valuation of financial instruments

The group measures fair values using the following fair value hierarchy that reflects the significance of each input used in making these measurements:

Level 1: Quoted market price (unadjusted) in an active for an identical instrument. The group is not exposed to level 1 instruments.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the observable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

23. Financial instruments (continued)

23.1 Fair values (continued)

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
Held at fair value through other comprehensive income (2018: available-for-sale financial assets) (level 1)	112	101	6	6
Held at fair value through other comprehensive income (2018: available-for-sale financial assets) (level 2)	650	734	-	-
Forward exchange contract (level 2)	(294)	746	-	-
	468	1 581	6	6

The fair value of held at fair value through other comprehensive income assets (2018: available-for-sale financial assets) was based on the latest market price of the invested shares.

Fair values of the forward exchange contract was determined by comparing the contracted forward rate to the present value of the current forward rate of an equivalent contract with the same maturity date.

23.2 Credit risk

Credit risk is the risk of financial loss to the group or company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises on trade and other receivables, cash and cash equivalents and intercompany receivables.

The risk arising on accounts receivable is managed through a group policy on the granting of credit, continual review and monitoring of all receivables balances and includes applying payment terms and monitoring overdue accounts. Credit risk is minimised through an initial new client acceptance procedure whereby potential customers are individually assessed.

Listings of overdue customer balances are reviewed monthly. Any customer exceeding their credit terms must settle their overdue balances before any further credit is extended. Appropriate action is taken to recover long overdue debts. An impairment provision is raised if there is objective evidence that the outstanding debt may not be collectable.

The material recurring trade debtors comprises of amounts receivable from online retailers. Securities are put in place where required.

There were no receivables outstanding from tenants at year end.

Tenants are required to provide deposits or guarantees and other security where necessary. The tenant credit rating process includes obtaining references, obtaining copies of tax compliance certificates (or other related documents), assessment of financial results to establish its financial standing, and reviewing credit reports.

Accounts receivable from subsidiary companies are monitored by reviewing daily cash balances and cash flow forecasts.

The credit risk on cash and cash equivalents is managed through dealing with well-established financial institutions with high credit standings. Credit loss allowances for expected credit losses are recognised for all financial assets, but excluding those measured at fair value through profit or loss.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year-on-year.

23. Financial instruments (continued)

23.2 Credit risk (continued)

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition.

In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

For trade receivables which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables.

Trade receivables comprise only a few accounts. Management evaluated credit risk relating to customers on an ongoing basis. The granting of credit risk is made on application and is approved by management. At year end the company did not consider there to be any significant concentration of credit risk which has not been insured or adequately provided for.

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counter party default rates. The credit rating currently applicable is BB+.

Impairment under IFRS 9 will apply to cash and cash equivalents being measured at amortised cost. These are short term (that is not longer than 12 months) and held with a reputable bank institution. Accordingly, there is no significant expected credit loss (ECL) on such asset.

The amounts receivable from its subsidiary, Ombrecorp Trading (RF) Proprietary Limited, and the loan to associate company, SAWW, are inextricably linked. Extensive due diligence and independent valuations were conducted on the underlying operating subsidiaries of the associate prior to the group entering into the transaction. The performance of the operations are monitored against expected targets and management plays an active role in managing the investment via board representation on all controlled entities within the investment group structure. Based on the solvency, liquidity and performance of the operations, management is satisfied that the loan is recoverable and no impairment thereof necessary. The expected credit loss (ECL) is therefore considered to be R nil.

23. Financial instruments (continued)

23.2 Credit risk (continued)

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
Exposure to credit risk				
The carrying amount of financial assets represents the maximum credit exposure.				
The maximum exposure to credit risk at the reporting date was:				
Trade receivables (refer to note 13)	1 324	5 400	-	-
Other receivables (refer to note 13)	808	1 584	-	-
Loan to associate company (refer to note 8)	134 460	-	-	-
Amounts receivable from subsidiary company (refer to note 7)	-	-	99	-
Loans receivable (refer to note 10)	1 874	-	827	-
Cash and cash equivalents (refer to note 14)	55 593	69 499	4	465
	194 059	76 483	930	465

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:				
Amounts receivable from franchisee	75	65	-	-
Online retailers	664	4 616	-	-
Other	585	719	-	-
	1 324	5 400	-	-

Impairment losses

The ageing of trade receivables at the reporting date was:

	GROUP				COMPANY			
	Gross 2019	Impairment 2019	Gross 2018	Impairment 2018	Gross 2019	Impairment 2019	Gross 2018	Impairment 2018
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Not past due	1 302	-	2 635	-	-	-	-	-
Past due 0 -30 days	22	-	1 759	-	-	-	-	-
Past due 31 - 60 days	-	-	589	-	-	-	-	-
Past due > 61 days	-	-	417	-	-	-	-	-
	1 324	-	5 400	-	-	-	-	-

23. Financial instruments (continued)

23.2 Credit risk (continued)

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
An analysis of the credit quality of trade and other receivables that are past due but not impaired is as follows:				
Franchise stores				
Franchise stores with greater than two years trading history with the group	16	-	-	-
Online retailers	-	2 390	-	-
Other customers	6	375	-	-
	22	2 765	-	-

Trade and other receivables in total, are considered recoverable. Certain customers have a long standing credit history with the group and / or have provided the group with guarantees, or other security where necessary.

23.3 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses to the group.

The risk is managed through cash flow forecasts and the optimisation of daily cash management.

Note 19 discloses cash flows relating to non-cancellable minimum lease rentals.

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
The expected cash flow related to the trade payable and other payables and accruals will occur as follows:				
Trade payables	24 999	21 159	10	-
Other payables and accruals	15 766	19 711	437	281
Amount payable to subsidiary company	-	-	812	-
Loan payable	75 200	-	-	-
Contractual cash flows	115 965	40 870	1 259	281
Less than one year	40 765	40 870	447	281
After one year	75 200	-	812	-
The expected cash flows related to forward exchange contracts will occur as follows:				
Carrying amount	294	(746)	-	-
Contractual cash flows	21 583	4 777	-	-
Less than one year	21 583	4 777	-	-

23. Financial instruments (continued)

23.4 Interest rate risk

The group is exposed to interest rate risk as set out in the table below.

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
Variable-rate instruments				
Cash and cash equivalents (refer to note 14)	55 593	69 499	4	465
Amounts payable to subsidiary companies (refer to note 7)	-	-	(812)	-
Loan payable (refer to note 10)	(75 200)	-	-	-
Loan to associate company (refer to note 8)	134 460	-	-	-
	114 853	69 499	(808)	465
Interest free instruments				
Amounts receivable from subsidiary companies (refer to note 7)	-	-	99	-
Loan receivable (refer to note 10)	1 874	-	827	-
	1 874	-	926	-

Cash and cash equivalents are managed by maintaining an appropriate mix of fixed and daily call placements with reputable financial institutions. The interest rates applicable to these financial instruments are keenly negotiated and generally vary in response to the prime overdraft rate. Current effective interest rate varies between 6.25% and 7.6% (2018: 6.0% and 7.2%). Floating rate financial assets include cash at bank and cash equivalents. The group has no fixed rate financial assets or liabilities.

Sensitivity analysis

A 1% movement in the effective interest rate would have increased or decreased profit or loss before taxation by the amounts shown below. The rate is applied to all interest bearing financial instruments. This analysis assumes all other variables remain constant. All interest bearing financial instruments are at variable interest rates.

The analysis is performed on the same basis as for 2018.

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
Profit or loss before taxation	1 149	695	(8)	5

23.5 Currency risk

The group incurs currency risk as a result of transactions which are denominated in a currency other than the group's functional currency. The settlement of these transactions takes place within a normal business cycle. The group has policies for the management of foreign currency risks. No uncovered foreign exchange commitments exist at reporting date.

This risk is covered by entering into forward foreign exchange contracts. These contracts are matched with anticipated future cash outflows in foreign currencies. The group does not use forward foreign exchange contracts for speculative purposes. No hedge accounting is applied. The currencies in which the group primarily deals are US Dollars. The forward cover obtained relates to orders / planned orders which are to be delivered at a future date in the normal course of the retail business.

23. Financial instruments (continued)

23.5 Currency risk (continued)

	GROUP		COMPANY	
	2019	2018	2019	2018
	R' 000	R' 000	R' 000	R' 000
Included in trade payables				
Foreign suppliers - US Dollar	3	7	-	-
	3	7	-	-

The principal or contract amounts of foreign exchange contracts outstanding at reporting date relating to foreign purchases are as follows:

	Currency	Foreign Amount	Average forward cover rate	Rand Amount
		' 000		' 000
2019 Imports	US Dollar	1 500	R 14.39	21 583
2018 Imports	US Dollar	400	R 11.94	4 777

The following significant exchange rates applied during the year:

	AVERAGE RATE		30 JUNE SPOT RATE	
	2019	2018	2019	2018
US Dollar	R 14.18	R 12.87	R 14.15	R 13.81

The group is primarily exposed to US Dollar currency. The following analysis indicates the group's sensitivity at year-end to the indicated movements in this currency on financial instruments, assuming all variables, in particular interest rates, remain constant.

Sensitivity analysis

A 10% percent strengthening / weakening in the Rand against the US Dollar at 30 June would have increased / (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018.

	Profit or loss
	R' 000
2019 US Dollar	2 158
2018 US Dollar	478

23.6 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders or return capital. At 30 June 2019 the ordinary shareholders' interest (total equity less preference share capital) to total assets was 65.6% (2018: 77.5%).

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000

24. Revenue

	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
Revenue from contracts with customers	678 873	587 632	-	-
Turnover - retail sales	678 873	587 632	-	-
Other revenue	29 508	20 432	7	65
Rental income	16 786	15 700	-	-
Finance income	12 268	4 687	7	65
Related parties	9 469	-	-	-
External parties	2 799	4 687	7	65
Dividend income	27	45	-	-
Profit on sale of property	427	-	-	-
	708 381	608 064	7	65

The disaggregated revenue from contracts with customers is as follows:

	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
Primary geographical markets	678 873	587 632	-	-
South Africa	663 587	572 523	-	-
Namibia	15 286	15 109	-	-
Timing of revenue recognition	678 873	587 632	-	-
Products transferred at a point in time	678 873	587 632	-	-
Other revenue	29 508	20 432	7	65
Total external revenue	708 381	608 064	7	65

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000

25. Operating profit / (loss) is stated after the following:

	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
Expenses				
Net (profit) / loss on disposal of plant and equipment, intangible assets and investment property	(427)	29	-	-
- equipment and shop fitting	(212)	29	-	-
- vehicles	(215)	-	-	-
Net foreign exchange (gain) / loss	(2 386)	2 141	-	-
- realised (gain) / loss	(3 426)	2 849	-	-
- unrealised loss / (gain)	1 040	(708)	-	-

25. Operating profit / (loss) is stated after the following: (continued)

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
Expenses (continued)				
Amortisation	3 410	3 701	-	-
Depreciation	19 862	23 136	-	-
- land and buildings and investment property	3 747	4 046	-	-
- plant	20	19	-	-
- vehicles	25	38	-	-
- equipment and shop fittings	16 070	19 033	-	-
Leasing charges	115 443	106 505	-	-
- operating leases - properties	115 443	106 505	-	-
Lease amortisation	(571)	547	-	-
Managerial, technical, administrative and secretarial fees	4 657	3 564	695	915
Equity-settled share-based payment	10 515	-	-	-
Employment costs				
Non-executive directors	802	1 496	-	-
- for services as directors	580	1 194	-	-
- for consultancy services	222	302	-	-
Executive directors	5 853	4 730	950	224
- for services as directors	350	-	-	-
- for consultancy services	74	-	-	-
- equity-settled share-based payment	2 142	-	950	-
- paid for managerial services	2 812	4 149	-	-
- retirement fund contributions	136	243	-	-
- management fees	-	-	-	224
- other benefits	105	334	-	-
- bonuses and performance related payments	234	4	-	-
Key management	3 273	255	950	-
- for services as directors of subsidiary companies	57	-	-	-
- equity-settled share-based payment	2 142	163	950	-
- paid for managerial services	940	-	-	-
- retirement fund contributions	44	5	-	-
- other benefits	36	2	-	-
- bonuses and performance related payments	54	85	-	-
Employment costs - other	110 954	103 508	20	-
Employee costs	105 884	97 790	-	-
Equity-settled share-based payment	87	-	20	-
Retirement funding costs	4 983	5 718	-	-
Total employment costs	120 882	109 989	1 920	224

26. Directors' emoluments

26.1 Directors' remuneration

	Directors' fees	Fees for other services^^	Basic salary	Performance related payments	Value of other benefits^^^	Retirement fund contributions	Total 2019
	(R' 000)	(R' 000)	(R' 000)	(R' 000)	(R' 000)	(R' 000)	(R' 000)
Executive directors							
CEA Radowsky*	-	-	2 812	234	105	136	3 287
MA Golding**	350	74	-	-	-	-	424
WD Nel***	-	-	-	-	2 142	-	2 142
	350	74	2 812	234	2 247	136	5 853
Non-executive directors							
PM Naylor	160	116	-	-	-	-	276
HB Roberts	140	74	-	-	-	-	214
LK Sebatane	140	32	-	-	-	-	172
MR Molosiwa	140	-	-	-	-	-	140
	580	222	-	-	-	-	802
Key management							
CL Lloyd****	-	-	-	-	2 142	-	2 142
D Franklin*	-	-	940	54	36	44	1 074
M Cole^	57	-	-	-	-	-	57
	57	-	940	54	2 178	44	3 273
Total	987	296	3 752	288	4 425	180	9 928
Summary							
Equity settled - company	-	-	-	-	1 900	-	1 900
Equity settled - subsidiary company	-	-	-	-	2 384	-	2 384
Paid by subsidiary companies	987	296	3 752	288	141	180	5 644
	987	296	3 752	288	4 425	180	9 928

* Resigned as chief executive officer on 31 August 2018.

** Chairman and non-executive director until appointment as chief executive officer with effect from 3 September 2018.

*** Appointed as financial director of the company with effect from 12 June 2018.

**** Appointed as chief executive officer of Rex Trueform Group Limited with effect from 12 March 2019.

^ Appointed to the board of Queenspark Proprietary Limited on 4 July 2018 and resigned on 27 November 2018.

^^ These are fees for services rendered in respect of the audit, risk and social and ethics committees.

^^^ Other benefits include insurance policies paid on behalf of the directors and realised gains on share awards / options.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2019

26. Directors' emoluments (continued)

26.1 Directors' remuneration (continued)

	Directors' fees	Fees for other services**	Basic salary	Performance related payments	Value of other benefits***	Retirement fund contributions	Total 2018
	(R' 000)	(R' 000)	(R' 000)	(R' 000)	(R' 000)	(R' 000)	(R' 000)
Executive directors							
CEA Radowsky	-	-	2 812	2	76	165	3 055
DS Johnson*	-	-	1 337	2	258	78	1 675
	-	-	4 149	4	334	243	4 730
Non-executive directors							
MA Golding	347	36	-	-	-	-	383
PM Naylor	214	114	-	-	-	-	328
HB Roberts	70	37	-	-	-	-	107
LK Sebatane	70	16	-	-	-	-	86
MR Molosiwa	70	-	-	-	-	-	70
ML Krawitz	255	46	-	-	-	-	301
RV Orlin	84	16	-	-	-	-	100
HJ Borkum	84	37	-	-	-	-	121
	1 194	302	-	-	-	-	1 496
Key management							
D Franklin	-	-	163	85	2	5	255
	-	-	163	85	2	5	255
Total	1 194	302	4 312	89	336	248	6 481
Summary							
Paid by company	-	-	202	5	5	12	224
Paid by subsidiary companies	1 194	302	4 110	84	331	236	6 257
	1 194	302	4 312	89	336	248	6 481

* Resigned as financial director of the company with effect from 31 March 2018.

** These are fees for services rendered in respect of the audit, risk and social and ethics committees.

*** Other benefits include insurance policies paid on behalf of the directors.

26. Directors' emoluments (continued)

26.2 Directors' interest in shares

Ordinary and "N" Ordinary shares

	2019 Number of shares	2018 Number of shares
Held directly:		
WD Nel	31 680	-
	31 680	-
Held indirectly in the company:		
MA Golding	4 319 030	4 319 030
HB Roberts	5 901 539	5 894 869
CEA Radowsky*	100 000	100 000
	10 320 569	10 313 899

*Resigned as director of the company on 31 August 2018.

	Share options / awards granted during the year (number)	Option / award price	Sub-scription price of shares	Acceptance date	Shares transferred to grantee during the year	No. of share options as at 30 June 2019	2019 Realised gains (R'000)	2019 Unrealised gains (R'000)
Share options / awards in respect of the company								
Executive directors								
WD Nel	63 360	nil	nil	25-Jun-19	31 680	31 680	950	8
Senior executives								
CL Lloyd	63 360	nil	nil	23-Jun-19	31 680	31 680	950	12
Total	126 720				63 360	63 360	1 900	20
Average option price (Rand)						nil		

As at 30 June 2019 the African and Overseas Share Trust held nil shares in reserve for future utilisation.

26. Directors' emoluments (continued)

26.2 Directors' interest in shares (continued)

	Share options / awards granted during the year (number)	Option / award price	Sub-scription price of shares	Acceptance date	Shares transferred to grantee during the year	No. of share options as at 30 June 2019	2019 Realised gains (R'000)	2019 Unrealised gains (R'000)
Share options / awards in respect of Rex Trueform Group Limited								
Executive directors								
CL Lloyd	110 848	nil	nil	23-Jun-19	55 424	55 424	36	15
D Franklin	66 509	nil	nil	21-Jun-19	-	66 509	-	22
	177 357				55 424	121 933	36	37
Senior executives								
WD Nel	110 848	nil	nil	23-Jun-19	55 424	55 424	36	15
CEA Radowsky	44 339	nil	nil	24-Jun-19	-	44 339	-	10
AT Snitcher	22 170	nil	nil	24-Jun-19	-	22 170	-	5
	177 357				55 424	121 933	36	30
Total	354 714				110 848	243 866	72	67
Average option price (Rand)						nil		

Realised gains are calculated as the difference between the subscription price and the company share price on the date of acceptance of the awards.

	GROUP 2019 R' 000	GROUP 2018 R' 000	COMPANY 2019 R' 000	COMPANY 2018 R' 000
27. Dividends received				
Dividends from investments	27	45	-	-
	27	45	-	-

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
28. Income tax expense				
Income tax	11 306	967	1	21
- current year	11 256	1 272	1	18
- prior year	50	(305)	-	3
Deferred tax (refer to note 11)	3 299	4 930	-	-
- current year	2 540	4 661	-	-
- prior year	759	269	-	-
Total income tax	14 605	5 897	1	21

Tax rate reconciliation:

	GROUP				COMPANY			
	2019	2019 R'000	2018	2018 R'000	2019	2019 R'000	2018	2018 R'000
Profit before tax from continuing operations		46 869		17 429		(3 191)		(1 267)
Tax using the company's domestic tax rate	28.0%	13 124	28.0%	4 880	28.0%	(893)	28%	(355)
Effect of rates in foreign jurisdictions	0.1%	(66)	0.2%	43	-	-	-	-
Tax effect of:								
Share of profit of associate (net of taxation)	(12.2%)	(5 717)	-	-	-	-	-	-
Dilution loss on investment in associate	8.8%	4 147	-	-	-	-	-	-
Gain from bargain purchase on investment in associate	(6.3%)	(2 936)	-	-	-	-	-	-
Equity-settled share-based payment	8.9%	4 167	-	-	(16.9%)	538	-	-
Non-deductible expenses	1.3%	605	3.6%	627	(11.2%)	356	(29.4%)	373
Tax exempt income	-	(7)	(0.1%)	(13)	-	-	-	-
Tax incentives	(0.1%)	(42)	-	-	-	-	-	-
Capital gains tax inclusion rate	-	(6)	-	-	-	-	-	-
Current - year losses for which no deferred tax asset was recognised	1.1%	527	2.2%	377	-	-	-	-
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	1.6%	759	1.7%	303	-	-	(0.2%)	3
Changes in estimates related to prior year	0.1%	50	(1.8%)	(320)	-	-		-
Total income tax	31.2%	14 605	33.8%	5 897	-	1	(1.7%)	21

29. Earnings per share

Basic earnings per share is derived by dividing profit for the year attributable to ordinary and "N" ordinary shareholders of the parent by the weighted average number of ordinary shares.

	2019		2018	
	Gross	Net of taxation	Gross	Net of taxation
	R' 000	R' 000	R' 000	R' 000
29.1 Basic and headline earnings per ordinary share				
Profit attributable to ordinary and "N" ordinary shareholders		20 118		5 709
Adjusted for:				
(Profit) / loss from disposal of property, plant and equipment	(233)	(172)	17	12
Dilution loss on investment in associate	8 133	8 133	-	-
Gain from bargain purchase on investment in associate	(5 757)	(5 757)	-	-
Non-headline items of associate			-	-
Gain from bargain purchase of investment	(17 300)	(17 300)	-	-
Loss from disposal of property, plant and equipment	1	1	-	-
Headline earnings		5 023		5 721

The gain from bargain purchase of investment of R 31 506 649 is included in the group's share of profit of associate and deducted from headline earnings since it is a capital remeasurement.

	Number of shares	
	2019	2018
Weighted average number of ordinary and "N" ordinary shares in issue	11 388 483	11 387 441
Basic earnings per ordinary share (cents)	176.7	50.1
Headline earnings per ordinary share (cents)	44.1	50.2
29.2 Diluted basic and headline earnings per ordinary share		
Weighted average number of ordinary and "N" ordinary shares in issue	11 388 483	11 387 441
Dilution effect of share options	1 041	-
Weighted average number of diluted ordinary and "N" ordinary shares	11 389 524	11 387 441
Diluted earnings per ordinary share (cents)	176.6	50.1
Diluted headlines earnings per ordinary share (cents)	44.1	50.2

30. Related-party transactions

The Group has disclosed all significant related party transactions in terms of IAS24: Related Party Disclosure

Shareholders
The group holding company is African and Overseas Enterprises Limited, registered in South Africa. An analysis of the principal shareholders of the company is provided in the shareholders' information section on page 84. Directors' shareholding is disclosed in the directors' report and in note 26.2

Subsidiaries
Intragroup transactions and balances with subsidiaries, listed in note 7, have been eliminated on consolidation.

Associate
The only associate company is SA Water Works Holding Company (RF) Proprietary Limited. Transactions with this company are disclosed below.

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
Related party transactions and balances during the period were as follows:				
Other income received (underwriting fee)				
- SA Water Works Holding Company (RF) Proprietary Limited	136	-	-	-
Management and administration fees paid				
- Geomer Managerial Services Proprietary Limited**	2 516	-	-	-
- Queenspark Proprietary Limited	-	-	-	541
Finance income				
- SA Water Works Holding Company (RF) Proprietary Limited	9 469	-	-	-
Finance cost				
- Rex Trueform Group Limited	-	-	2	-
Loans receivable				
- African and Overseas Share Trust	-	-	99	-
- SA Water Works Holding Company (RF) Proprietary Limited	134 460	-	-	-
- Unsecured loans to share scheme participants*	1 874	-	827	-
Loans payable				
- Rex Trueform Group Limited	-	-	812	-
Current accounts payable				
- Geomer Managerial Services Proprietary Limited**	2 516	-	-	-

*Includes a loan to a director of R 937 000 (2018: R nil)
**Indirectly controlled by MA Golding.

There are contingent liabilities in respect of suretyships furnished by the group for leases and normal business commitments of Queenspark Proprietary Limited approximating R 0.4 million (2018: R 9.6 million).

30. Related-party transactions (continued)

Directors
Details relating to executive and non-executive directors' remuneration is disclosed in note 26.1 and directors' shares and share options in note 26.2.

Key management personnel
Key management personnel are those having authority and responsibility for planning, directing and controlling activities of the group, directly or indirectly. Details relating to remuneration are disclosed in note 26.1.

No key management personnel other than already disclosed had a material interest in any contract of significance with any group company during the year under review or in the prior year.

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
Transactions with other related parties				
Spouse of executive director for services rendered*	-	892	-	-

*The director resigned from the board of directors with effect from 31 March 2018.

31. Notes to the statements of cash flows

31.1 Operating profit / (loss) before working capital changes

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
Profit / (loss) before taxation	46 869	17 429	(3 191)	(1 267)
Adjusted for :				
Amortisation	3 410	3 701	-	-
Depreciation	19 862	23 136	-	-
Dividends received	(27)	(45)	-	-
Finance income	(12 268)	(4 687)	(7)	(65)
Finance cost	3 325	71	59	18
(Profit) / loss on disposal of property, plant and equipment	(427)	29	-	-
Accrued operating lease liability movement	(571)	548	-	-
Unrealised foreign exchange loss / (gain)	1 040	(708)	-	-
Share of profit from associate (including dilution loss and gain on bargain purchase)	(16 090)	-		-
Equity-settled share-based payment	14 885	-	1 921	-
Movement in post-retirement liability	(62)	(107)	-	(31)
Movement in inventory provision	3 123	(911)	-	-
	63 069	38 456	(1 218)	(1 345)

	GROUP		COMPANY	
	2019 R' 000	2018 R' 000	2019 R' 000	2018 R' 000
31. Notes to the statements of cash flows (continued)				
31.2 Working capital changes				
Increase in inventories	(11 628)	(13 379)	-	-
Decrease / (increase) in trade and other receivables	8 042	1 478	(35)	(38)
Increase / (decrease) in trade and other payables and provisions	11 045	4 574	993	(5)
	7 459	(7 327)	958	(43)
31.3 Dividends paid				
Dividend on 6% cumulative preference shares	(50)	(50)	(33)	(33)
	(50)	(50)	(33)	(33)
31.4 Taxation paid				
Amounts unpaid at the beginning of year	(19)	(26)	(1)	-
Amounts overpaid at the beginning of year	163	1 304	-	3
Amounts charged to profit or loss	(11 306)	(967)	(1)	(21)
Amounts unpaid at the end of year	693	19	-	1
Amounts overpaid at the end of year	(6)	(163)	-	-
	(10 475)	167	(2)	(17)
Comprising:				
Income tax paid	(10 475)	167	(2)	(17)

32. Segmental analysis

The group has identified the following divisions as the group's reportable segments:

Retail trading division – comprises the Queenspark South African, Namibian and franchise stores.

Property division – comprises the group property portfolio, which includes both its investment properties and the properties used in operations.

Water infrastructure – comprises an indirect investment made in a private water and wastewater utility group operating in the South African provinces of Mpumulanga and KwaZulu-Natal.

Group services – manages the group's corporate responsibilities and includes corporate costs

The executive members of the board, identified as the chief operating decision-maker, review the results of these business divisions on a monthly basis for the purpose of allocating resources and evaluating performance. Performance is measured based on segmental operating profit, as included in the monthly management reports reviewed by the chief operating decision-maker.

	GROUP	
	2019	**2018**
	R' 000	**R' 000**
Revenue		
Retail	685 756	594 194
Turnover – External	678 873	587 632
Finance income – External	1 193	2 009
Management fee income – Inter-segment	5 443	4 553
Profit on sale of property – External	247	-
Property	22 813	21 566
Rental income – External	16 786	15 700
Rental income – Inter-segment	5 828	5 681
Finance income – External	199	185
Water infrastructure	9 469	-
Finance income – External	9 469	-
Group services	9 245	33 021
Finance income – External	1 407	2 493
Finance income – Inter-segment	5 698	-
Dividends received – External	27	45
Dividends received – Inter-segment	-	30 000
Management fee income – Inter-segment	1 933	483
Profit on sale of property – External	180	-
Inter-segment eliminations	(18 902)	(40 717)
Total group revenue	708 381	608 064

	GROUP	
	2019	2018
	R' 000	R' 000

32. Segmental analysis (continued)

	2019 R' 000	2018 R' 000
Segment operating profit / (loss)		
Retail	32 566	8 171
Property	9 553	9 984
Water infrastructure	(10 484)	-
Group services	(9 826)	(5 387)
Total group operating profit	21 809	12 768
Segment net profit / (loss) after tax		
Retail	22 780	6 659
Property	7 022	7 325
Water infrastructure	7 118	-
Group services	(4 656)	(2 452)
Total group net profit after tax	32 264	11 532
Depreciation and amortisation		
Retail	19 504	22 791
Property	3 768	4 046
Total group depreciation and amortisation	23 272	26 837
Segment assets		
Retail	246 679	213 844
Property	74 243	78 475
Water infrastructure	153 094	-
Group services	12 475	56 697
Total group assets	486 491	349 016
Segment liabilities		
Retail	73 705	67 805
Property	12 777	7 019
Water infrastructure	75 383	-
Group services	5 061	1 670
Total group liabilities	166 926	76 494
Capital expenditure		
Retail	18 298	22 734
Property	1 433	3 619
Total group capital expenditure	19 731	26 353

33. Going concern

The financial statements have been prepared on the going concern basis. This basis presumes that funds will be available to finance future operations should the company continue trading.

As at 30 June 2019 the company's current liabilities exceed its current assets by R 1.19 million (2018: net current asset position of R 0.23 million). The company's subsidiary, Rex Trueform Group Limited, has provided financial assistance to the company in the form of a loan facility of R 14 million in order to assist the company to pay any debts as they fall due. As at 30 June 2019 R 0.81 million of this facility was utilised. Refer to note 7 for the details of the loan.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

34. Events subsequent to the reporting date

Ombrecorp Trading (RF) Proprietary Limited received a loan repayment of R 4 582 317 on 18 September 2019 of which R 2 338 815 will remain within the group. The remainder will be utilised to discharge repayment obligations to 27four Life Limited. No other events material to the understanding of the financial statements have occurred between the financial year-end and the date of approval of the financial statements.

UNAUDITED SHAREHOLDERS' INFORMATION

Analysis of shareholders at 30 June 2019

	Ordinary		"N" ordinary		Preference	
	Number of shareholders	%	Number of shareholders	%	Number of shareholders	%
Public shareholders	**43**	**93.4**	**119**	**96.0**	**38**	**95.0**
Companies and close corporations	8	17.4	15	12.1	1	2.5
Individuals	30	65.2	87	70.2	30	75.0
Insurance companies, nominees and trusts	5	10.8	15	12.1	6	15.0
Mutual funds and pension funds	-	-	2	1.6	1	2.5
Non-public shareholders	**3**	**6.6**	**5**	**4.0**	**2**	**5.0**
Geomer Investments Proprietary Limited*	1	2.2	1	0.8	-	-
Directors***	-	-	1	0.8	-	-
Ceejay Trust**	1	2.2	1	0.8	1	2.5
Gingko Investments No.2 Proprietary Limited**	-	-	1	0.8	-	-
Legae Peresec Proprietary Limited ****	1	2.2	1	0.8	1	2.5
Total	**46**	**100.0**	**124**	**100.0**	**40**	**100.0**
Public shareholders	**100 014**	**8.0**	**1 098 538**	**10.7**	**108 594**	**39.5**
Companies and close corporations	27 182	2.2	554 681	5.4	11 000	4.0
Individuals	55 930	4.5	281 927	2.8	68 967	25.1
Insurance Companies, nominees and trusts	16 902	1.3	250 213	2.4	21 702	7.9
Mutual funds and pension funds	-	-	11 717	0.1	6 925	2.5
Non-public shareholders	**1 149 986**	**92.0**	**9 102 263**	**89.3**	**166 406**	**60.5**
Geomer Investments Proprietary Limited*	903 825	72.3	3 415 205	33.5	-	-
Directors***	-	-	31 680	0.3	-	-
Ceejay Trust**	168 923	13.5	4 026 311	39.5	120 400	43.8
Gingko Investments No.2 Proprietary Limited**	-	-	6 670	0.1	-	-
Legae Peresec Proprietary Limited ****	77 238	6.2	1 622 397	15.9	46 006	16.7
Total	**1 250 000**	**100.0**	**10 200 801**	**100.0**	**275 000**	**100.0**

UNAUDITED SHAREHOLDERS' INFORMATION (CONTINUED)

Analysis of shareholders at 30 June 2019

Shareholders holding 5% or more of share capital	Number of shares	%	Number of shares	%	Number of shares	%
Geomer Investments Proprietary Limited*	903 825	72.3	3 415 205	33.5	-	-
Ceejay Trust**	168 923	13.5	4 026 311	39.5	120 400	43.8
Legae Peresec Proprietary Limited ****	77 238	6.2	1 622 397	15.9	46 006	16.7
Total	**1 149 986**	**92.0**	**9 063 913**	**88.9**	**166 406**	**60.5**

* An associate of MA Golding.

** An associate of HB Roberts.

*** Held by WD Nel.

**** The shares held by Legae Peresec Proprietary Limited are beneficially held by associates of HB Roberts.