AFRICAN AND OVERSEAS ENTERPRISES LTD

EST. 1947

2020

Annual Financial Statements

Contents

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, No. 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 comprise the statements of financial position at 30 June 2020 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 29 October 2020 and signed by:

MR Molosiwa

Chairman
Authorised director

29 October 2020

MA Golding

Chief executive officer
Authorised director

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.

AR Mushabe

Company secretary

29 October 2020

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 Report on Corporate Governance for South Africa 2016 ("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 51.39% 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 has expired in the current financial year. The retail segment traditionally utilised third-party ecommerce retailers to sell its products but has launched its own ecommerce platform in June 2020, which is integral to the recovery of the business post the effects of the COVID-19 pandemic.

Turnover has been negatively impacted as a result of COVID-19 and the resultant national lockdown earlier this year. Sales lost during the level 5 lockdown period which commenced on 27 March 2020 and ended on 30 April 2020, is estimated to be at least R57.4 million with an overall negative impact on sales for the period through to the year-end estimated to be at least R134.7 million. Certain cost savings were achieved as a result of office and store closures, however, and the company continues to seek cost efficiencies in all areas of the business. With regard to lease commitments management is currently negotiating with landlords for further rent relief and concessions, in addition to the relief that was recognised to date. The retail segment spent a total of R405 134 on COVID-19-related expenditure.

The group reviews the carrying value of right-of-use assets when events or changes in circumstances suggest that the carrying value may not be recoverable. The group assesses loss-making and low-profitability stores for impairment. Additionally, COVID-19 also had a significant adverse impact on store profitability. This has led management to assess the carrying value of the right-of-use asset for impairment at 30 June 2020. An amount of R77 438 885 was provided as an impairment charge in the income statement in the current year.

Despite the impact of COVID-19, the group is sufficiently capitalised and has sufficient cash resources to pay liabilities as they fall due. Cash and cash equivalents held by the group at 30 June 2020 amounted to R72 624 398 (2019: R55 593 227).

The group's property portfolio consists of developed and undeveloped properties, held directly and indirectly through a subsidiary, 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 is actively looking for development opportunities which will yield a satisfactory return in relation to any capital outlay.

The impact of COVID-19 and resultant national lockdown earlier this year on the property segment was mainly in the form of temporary rental relief to the worst affected tenants. Credit notes amounting to R906 985 were issued during the current financial year. The group also committed to additional rental relief until December 2020, in the form of a reduction in the contractual lease obligation amounting to R226 974. Expenses relating to COVID-19 compliance were negligible.

During the previous financial year, the group 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. 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 company and the group for the year are set out in the financial statements.

Directors' Report (continued)

Share capital

The share capital of the company, both authorised and issued, is set out in note 16 to the financial statements.

Dividends

Details of dividends paid during the year are as follows:

	2020 R'000	2019 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 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 (2019: R nil) in respect of the ordinary and "N" ordinary shares.

Holding company

The company's holding company is Geomer Investments Proprietary Limited.

Subsidiaries

The required information relating to subsidiary companies is set out in note 8 to the financial statements.

Investments

Full details of the company's investments are set out in notes 9 and 10 to the financial statements.

Directorate

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

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

Director	Event	Date
MA Golding	Retired by rotation	29 November 2019
	Re-elected	29 November 2019
PM Naylor	Retired by rotation	29 November 2019
	Re-elected	29 November 2019
HB Roberts	Retired by rotation	29 November 2019
	Re-elected	29 November 2019

PM Naylor, LK Sebatane and MA Golding will retire at the 2020 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 note 29 to the financial statements.

Directors' interest in shares

The interest of directors in the ordinary and "N" ordinary shares of the company at 30 June 2020 was:

Director	Direct holding	Indirect holding	Total
2020			
MA Golding	**–**	**4 319 030**	**4 319 030**
HB Roberts	**–**	**5 901 539**	**5 901 539**
WD Nel	**42 238**	**–**	**42 238**
Total	**42 238**	**10 220 569**	**10 262 807**
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

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 2020 and the date of approval of the annual financial statements of the company.

Employee share incentive scheme

The African and Overseas Share Trust ("the Share Trust") was created in 2019. A total of 63 360 "N" ordinary shares in the company were issued to the Share Trust in June 2019 and a further 21 120 "N" ordinary shares in the company were issued to the Share Trust in June 2020 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 84 480 "N" ordinary shares which were issued to the Share Trust.

The Share Trust currently holds 4 "N" ordinary shares in reserve for future utilisation, of which none has been granted to employees. During the 2019 financial year, share awards and options in respect of 126 720 "N" ordinary shares in aggregate were granted to certain group employees, of which 84 476 "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 note 29.2 to the financial statements.

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 2020, the company's current liabilities exceed its current assets by R405 816 (2019: net current liability position of R1 189 214). The company's subsidiary, Rex Trueform Group Limited, has provided financial assistance to the company in the form of a loan facility of R14 million in order to assist the company to pay any debts as they fall due. As at 30 June 2020, R2 207 518 (2019: R812 140) of this facility was utilised. Refer to note 8 of the financial statements for the details of the loan.

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic. Many governments around the world are taking increasingly stringent steps to contain the spread of the virus. This resulted in the temporary closure of businesses and restrictions on the movement of people and goods. The pandemic resulted in a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates. The group's countries of trading, South Africa and Namibia, have been hit hard by lockdown regulations. The South African government declared a nationwide lockdown with effect from 26 March 2020, requiring all non-essential businesses to close temporarily. South African lockdown regulations have since been relaxed and many parts of the economy were allowed to reopen from 1 May 2020, including the group's retail stores.

Despite the uncertainties created by COVID-19 and the impact it had on the carrying value of the right-of-use asset as at 30 June 2020 as well as on revenue and cash flows for the year then ended, the group has a healthy balance sheet as at the reporting date. The group is sufficiently capitalised and has sufficient cash resources to settle its liabilities as they fall due. Management has further implemented, and will continue to implement actions to preserve liquidity and reduce costs to ensure the sustainability of the group. These measures are further explained in note 12 (Deferred tax), note 13 (Inventories) and note 26.6 (Capital risk management) to 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. 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 R15 165 632 on 23 July 2020, of which R7 740 538 remained within the group. The remainder will be utilised to discharge repayment loan obligations to 27four Life Limited.

On 28 August 2020, Ombrecorp Trading (RF) Proprietary Limited concluded an agreement to acquire an additional effective interest of 0.79% in SA Water Works Holding Company (RF) Proprietary Limited. The purchase consideration amounted to R421 007 and was settled on 1 September 2020.

The group received credit notes for short-term rent concessions in the amount of R14 259 640 post year-end.

Subsequent to the reporting date, countrywide COVID-19 lockdown restrictions were lifted to level 1 meaning that most normal activity can resume provided that all health and safety protocols, including observance of guidelines for social distancing, sanitation and hygiene, and use of appropriate personal protective equipment, are followed at all times. There is a risk that if the infection rate increases to unacceptable levels that this will lead to an increase in the COVID-19 alert level. The uncertainty around COVID-19 is expected to continue into the foreseeable future. The group is adhering to all required protocols and is committed to trading through these challenging times.

There is no other matter or circumstance which is material to the financial affairs of the company, which has occurred between 30 June 2020 and the date of approval of the financial statements, that has not been otherwise dealt with in the financial statements.

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 2020.

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 that are reviewed regularly, 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. Each committee meeting is preceded by the distribution of a comprehensive committee pack containing all 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 further 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 24 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 PricewaterhouseCoopers Inc. ("PWC") for appointment by shareholders as the company's external auditor at the 2020 audit committee meeting, the designated registered auditor being R Jacobs for the 2021 financial year. The committee has satisfied itself (as required by the JSE Listings Requirements) that:

- The audit firm is accredited by the JSE; and
- The quality of the external audit is satisfactory (after referencing the most recent inspection reports issued by the Independent Regulatory Board for Auditors ("IRBA") in respect of both audit firm and the designated audit partner).

Prior to the nomination of PWC Inc., the committee gave due consideration to the independence of the external auditor and is satisfied that PWC Inc. is independent of the group and executive and senior management and therefore able to express an independent opinion of the group's annual financial statements.

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 auditor's 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 pre-approved 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 as well as the internal audit plans. During the year under review the internal auditor resigned from the group with effect from 28 January 2020. At the time of this report the internal auditor post remains vacant pending a recruitment outcome.

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

As required by the JSE Listings Requirements, 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 group 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.

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 these procedures are operating effectively.

Financial statements and accounting practices

Following the review by the committee of the annual financial statements for the year ended 30 June 2020, 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 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 the integrated annual report for the year ended 30 June 2020 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

29 October 2020

Independent Auditor's Report

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 11 to 63, which comprise the statements of financial position as at 30 June 2020, 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 2020, 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 Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).* 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.

Valuation of inventories (consolidated financial statements)

Refer to inventory accounting policy in note 2 and note 13 to the financial statements.

Key audit matter	How the matter was addressed in our audit
Inventories on hand at year-end are significant assets of the group, amounting to R111.7 million (2019: R100.6 million). There is a risk that inventories may be overstated due to an inadequate provision being made for marked down, slow-moving or obsolete inventory due to the retail business being exposed to seasonal changes, changes in customer preference and the additional impact of COVID-19 and the national lockdown on sales. 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 the NRV requires judgement to be made by management and management's estimates have been affected by historical trends, the understanding of the seasonality of inventory and planned markdowns and discounts. Further to this, COVID-19 has had a material impact on the level of inventory provision raised in the current year. 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 increased level of judgement applied by management in determining the provision 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 inventory provision by: • comparing the current provision in relation to the inventories on hand, aged according to the respective seasons, and comparing the current provision to the prior year level of write-downs for similar aged inventories confirming that management have increased their markdown percentage due to the expected impacts of COVID-19; • evaluating the accuracy of historical and current information related to sales trends used by management to support the provision raised in respect of marked down and obsolete inventories; and • testing the arithmetic accuracy of management's calculations in relation to these provisions. We considered management's bias in relation to the inventory provision 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 and understanding of the impacts of COVID-19 on the retail sales and revenue. We evaluated the adequacy of the disclosures in the consolidated financial statements in relation to the requirements of the financial reporting framework.

Accuracy of IFRS 16 right-of-use assets and lease liability (consolidated financial statements)

Refer to accounting policy notes 2, 7, 19 and 36 to the financial statements.

Key audit matter	How the matter was addressed in our audit
The group adopted IFRS 16 Leases on 1 July 2019 and applied the modified retrospective approach for the initial application of the standard. As a result, the group has recognised a right-of-use asset of R310.8 million and a lease liability of R333.3 million on initial application. The group has various lease agreements with different lessors and varying terms and conditions in respect of retail stores located across South Africa. The measurement of the lease liability and right-of-use asset requires management to make judgements in respect of the length of the lease terms where the leases contain an extension option and to determine appropriate discount rates. The identification and measurement of the lease liability and right-of-use asset has been identified as a key audit matter because of: • the risk that existing leases subject to transition or leases entered into or modified during the period are not completely identified; • accounting policies, transition options and practical expedients are not appropriately applied, or disclosures applicable are incomplete, inaccurate or not fairly presented; • the significance of right-of-use asset and lease liability recorded; • the risk that inappropriate discount rates are used; and • the risk that rental concessions received due to COVID-19 are not accounted for accurately.	Our audit procedures included the following: • we performed enquiries and walkthroughs to obtain an understanding of and assess the design, implementation of key internal controls in place to ensure the identification and recognition of leases to be capitalised with reference to the selected transition approach and any practical expedients applied; • we evaluated the appropriateness of the transition approach and accounting policies adopted, including the application of practical expedients and recognition exemptions available under IFRS 16; • we recalculated, on a sample basis, the lease liability, right-of-use asset, finance charges and depreciation, testing the accuracy of the data used in the calculation and inspecting the associated contracts and other relevant information to assess the reasonableness of management's significant judgements and assumptions adopted when determining the length of the lease term where the lease contains extension options or was modified during the period; • we inspected the general ledger accounts of operating expenses, prepayments and accruals to identify arrangements that might contain payments to obtain the right to use identified assets to assess management's conclusion over the completeness of the lease population used to calculate the lease liability and right-of-use asset in line with IFRS 16; • with the assistance of our valuation specialists, evaluated the methodology adopted by management for determining the discount rates with reference to the requirements of IFRS 16; • we assessed the disclosures in the consolidated financial statements in respect of leases, including transition disclosures and disclosures in relation to significant accounting judgements and estimates, with reference to the requirements of IFRS 16; and • on a sample basis, we performed testing on the credit note summary schedule on the rental concessions, by assessing the correct treatment of these credit notes by determining whether they were received before or after year end and accounted for in the correct financial period.

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 2020 Annual Financial Statements", which includes the Directors' Report, the Audit Committee Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report and the Integrated Report, which is expected to be made available to us after this report. 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.

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; and
- 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 24 years.

KPMG Inc.
Registered Auditor

Per I Jeewa
Chartered Accountant (SA)
Registered Auditor
Director

29 October 2020

The Halyard
4 Christiaan Barnard Street
Cape Town
8001

Statements of Financial Position

as at 30 June 2020

	Note	GROUP 2020 R'000	GROUP 2019 R'000	COMPANY 2020 R'000	COMPANY 2019 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**58 517**	62 386	**–**	–
Investment property	5	**63 242**	65 679	**–**	–
Intangible assets	6	**18 530**	20 764	**–**	–
Right-of-use asset	7	**235 488**	–	**–**	–
Net interest in subsidiary companies	8	**–**	–	**17 409**	17 499
Investment in associate	9	**153 386**	153 066	**–**	–
Other investments	10	**818**	762	**4**	6
Loan receivable	11	**967**	1 874	**427**	827
Deferred tax asset	12	**35 596**	3 386	**–**	–
		566 544	307 917	**17 840**	18 332
Current assets					
Inventories	13	**111 680**	100 637	**–**	–
Loan to associate	9	**15 166**	–	**–**	–
Trade and other receivables	14	**11 127**	20 634	**103**	81
Income tax receivable		**5 670**	6	**–**	–
Accrued operating lease asset		**809**	1 704	**–**	–
Cash and cash equivalents	15	**72 624**	55 593	**214**	4
		217 076	178 574	**317**	85
TOTAL ASSETS		**783 620**	486 491	**18 157**	18 417
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	16	**3 079**	2 552	**3 079**	2 552
Preference share capital	16	**550**	550	**550**	550
Share premium		**6 616**	6 616	**6 616**	6 616
Share-based payments reserve	17	**4 157**	2 926	**549**	20
Other reserves	18	**1 419**	1 400	**290**	291
Retained earnings		**114 232**	155 114	**3 914**	6 084
Equity attributable to equity holders		**130 053**	169 158	**14 998**	16 113
Non-controlling interest	19	**121 207**	150 407	**–**	–
Total equity		**251 260**	319 565	**14 998**	16 113
Non-current liabilities					
Lease liability	20	**291 124**	–	**–**	–
Post-retirement liability	21	**654**	730	**229**	218
Accrued operating lease liability	22	**–**	13 444	**–**	–
Net interest in subsidiary companies	8	**–**	–	**2 208**	812
Loan payable	11	**74 762**	75 200	**–**	–
Deferred tax liability	12	**12 309**	8 631	**–**	–
		378 849	98 005	**2 437**	1 030
Current liabilities					
Lease liability	20	**60 868**	–	**–**	–
Trade and other payables	23	**83 966**	54 103	**722**	1 274
Provisions	24	**1 252**	8 761	**–**	–
Accrued operating lease liability	22	**–**	5 070	**–**	–
Loan payable	11	**7 425**	–	**–**	–
Forward exchange contracts		**–**	294	**–**	–
Income tax payable		**–**	693	**–**	–
		153 511	68 921	**722**	1 274
TOTAL EQUITY AND LIABILITIES		**783 620**	486 491	**18 157**	18 417

Statements of Comprehensive Income

for the year ended 30 June 2020

		GROUP		COMPANY	
	Note	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000
Revenue	27	**624 083**	708 381	**–**	7
Turnover	27	**578 746**	678 873	**–**	–
Cost of sales		**(302 349)**	(321 767)	**–**	–
Gross profit		**276 397**	357 106	**–**	–
Other income	27	**22 538**	17 213	**–**	–
Other operating costs		**(375 600)**	(352 510)	**(2 024)**	(3 139)
Operating (loss)/profit	28	**(76 665)**	21 809	**(2 024)**	(3 139)
Dividend income	27	**29**	27	**–**	–
Finance income	27	**22 770**	12 268	**–**	7
Finance costs	30	**(45 114)**	(3 325)	**(219)**	(59)
Share of (loss)/profit of associate, including gain on bargain purchase	9	**(4 473)**	30 901	**–**	–
Dilution loss on investment in associate	9	**–**	(14 811)	**–**	–
(Loss)/profit before tax		**(103 453)**	46 869	**(2 243)**	(3 191)
Income tax expense	31	**26 183**	(14 605)	**–**	(1)
(Loss)/profit for the year		**(77 270)**	32 264	**(2 243)**	(3 192)
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Fair value adjustment on assets held at fair value through other comprehensive income		**44**	(57)	**(1)**	(1)
Other comprehensive income for the year, net of taxation		**44**	(57)	**(1)**	(1)
Total comprehensive income for the year		**(77 226)**	32 207	**(2 244)**	(3 192)
(Loss)/profit attributable to:					
Ordinary and "N" ordinary shareholders of the parent		**(42 790)**	20 118	**(2 276)**	(3 225)
Preference shareholders		**33**	33	**33**	33
(Loss)/profit attributable to equity holders of the parent		**(42 757)**	20 151	**(2 243)**	(3 192)
Non-controlling interest		**(34 513)**	12 113	**–**	–
(Loss)/profit for the year		**(77 270)**	32 264	**(2 243)**	(3 192)
Total comprehensive income attributable to:					
Ordinary and "N" ordinary shareholders of the parent		**(42 767)**	20 086	**(2 277)**	(3 225)
Preference shareholders		**33**	33	**33**	33
(Loss)/profit attributable to equity holders of the parent		**(42 734)**	20 119	**(2 244)**	(3 192)
Non-controlling interest		**(34 492)**	12 088	**–**	–
Total comprehensive income for the year		**(77 226)**	32 207	**(2 244)**	(3 192)
Basic (loss)/earnings per ordinary share (cents)	32.1	**(373.7)**	176.7	**–**	–
Diluted (loss)/earnings per ordinary share (cents)	32.2	**(372.3)**	176.6	**–**	–

Statements Of Changes In Equity

for the year ended 30 June 2020

	Note	Ordinary share capital R'000	Preference share capital R'000
Balance as at 1 July 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 paid		–	–
Equity-settled share-based payment		–	–
Delivery of treasury shares		–	–
Change in degree of control[1]		–	–
Total contributions by and distributions to owners recognised directly in equity		1 902	–
Balance as at 30 June 2019		**2 552**	**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		**527**	–
Preference dividends paid		–	–
Equity-settled share-based payment		–	–
Delivery of treasury shares		–	–
Other retained income of associate	9	–	–
Change in degree of control[2]		–	–
Total contributions by and distributions to owners recognised directly in equity		**527**	–
Balance as at 30 June 2020		**3 079**	**550**

[1] The change in degree of control comprises a reduction in equity of R5 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 R818 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 29.2

[2] The change in degree of control relates to the issue of Rex Trueform "N" ordinary shares in terms of a share incentive scheme to executive directors and senior executives of Rex Trueform as detailed in note 29.2.

	GROUP					
Share premium R'000	Share-based payments reserve R'000	Other reserves R'000	Retained earnings R'000	Attributable to equity shareholders R'000	Non-controlling interest R'000	Total R'000
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**
–	**–**	**–**	**(42 757)**	**(42 757)**	**(34 513)**	**(77 270)**
–	**–**	**23**	**–**	**23**	**21**	**44**
–	**–**	**23**	**(42 757)**	**(42 734)**	**(34 492)**	**(77 226)**
–	**–**	**–**	**–**	**527**	**–**	**527**
–	**–**	**–**	**(33)**	**(33)**	**(17)**	**(50)**
–	**1 245**	**–**	**264**	**1 509**	**727**	**2 236**
–	**–**	**–**	**796**	**796**	**662**	**1 458**
–	**–**	**–**	**1 349**	**1 349**	**3 401**	**4 750**
–	**(14)**	**(4)**	**(501)**	**(519)**	**519**	**–**
–	**1 231**	**(4)**	**1 875**	**3 629**	**5 292**	**8 921**
6 616	**4 157**	**1 419**	**114 232**	**130 053**	**121 207**	**251 260**

Statements Of Changes In Equity (continued)

for the year ended 30 June 2020

	Ordinary share capital R'000	Preference share capital R'000
Balance as at 1 July 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**
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	**527**	–
Preference dividends paid	–	–
Equity-settled share-based payment	–	–
Total contributions by and distributions to owners recognised directly in equity	**527**	–
Balance as at 30 June 2020	**3 079**	**550**

	COMPANY						
	Share premium R'000	Share-based payments reserve R'000	Other reserves R'000	Retained earnings R'000	Attributable to equity shareholders R'000	Non-controlling interest R'000	Total R'000
	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**
	–	**–**	**–**	**(2 243)**	**(2 243)**	**–**	**(2 243)**
	–	**–**	**(1)**	**–**	**(1)**	**–**	**(1)**
	–	**–**	**(1)**	**(2 243)**	**(2 244)**	**–**	**(2 244)**
	–	**–**	**–**	**–**	**527**	**–**	**527**
	–	**–**	**–**	**(33)**	**(33)**	**–**	**(33)**
	–	**529**	**–**	**106**	**635**	**–**	**635**
	–	**529**	**–**	**73**	**1 129**	**–**	**1 129**
	6 616	**549**	**290**	**3 914**	**14 998**	**–**	**14 998**

Statements of Cash Flows

for the year ended 30 June 2020

	Note	GROUP 2020 R'000	GROUP 2019 R'000	COMPANY 2020 R'000	COMPANY 2019 R'000
Cash flows from operating activities					
Operating profit/(loss) before working capital changes	34.1	**114 960**	63 069	**(851)**	(1 218)
Working capital changes	34.2	**15 449**	7 459	**(573)**	958
Cash generated by/(utilised in) operating activities		**130 409**	70 528	**(1 424)**	(260)
Interest received	34.3	**7 560**	2 799	**–**	7
Interest paid	34.4	**(38 127)**	(125)	**(156)**	(59)
Dividends paid	34.5	**(50)**	(50)	**(33)**	(33)
Dividends received		**29**	27	**–**	–
Taxation paid	34.6	**(8 719)**	(10 475)	**–**	(2)
Net cash inflows/(outflows) from operating activities		**91 102**	62 704	**(1 613)**	(347)
Cash flows from investing activities					
Additions to property, plant and equipment		**(15 769)**	(18 188)	**–**	–
Additions to investment properties		**(346)**	(349)	**–**	–
Additions to intangible assets		**(1 379)**	(1 194)	**–**	–
Loan advanced/(repaid)	34.7	**908**	(126 865)	**490**	(926)
Proceeds from disposal of property, plant and equipment		**10**	502	**–**	–
Investment in associate		**–**	(2 516)	**–**	–
Net cash outflows from investing activities		**(16 576)**	(148 610)	**490**	(926)
Cash flows from financing activities					
Loan received		**–**	72 000	**1 333**	812
Lease liabilities repaid		**(57 495)**	–	**–**	–
Net cash (outflows)/inflows from financing activities		**(57 495)**	72 000	**1 333**	812
Net increase/(decrease) in cash and cash equivalents		**17 031**	(13 906)	**210**	(461)
Cash and cash equivalents at the beginning of the year		**55 593**	69 499	**4**	465
Cash and cash equivalents at the end of the year	15	**72 624**	55 593	**214**	4

[1] The prior year outflows relating to loans advanced amounting to R126 865 492, in relation to the group, and R926 048, in relation to the company, have been presented as investing activities whereas these amounts were incorrectly presented as financing activities in the prior year.

Notes To The Financial Statements

for the year ended 30 June 2020

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 2020 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, and 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 29 October 2020.

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 basis, 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. Other than IFRS 16 Leases, none of these new standards and interpretations led to a change in the group's accounting policies. There were other amendments to accounting standards effective for the current financial year, but they were not applicable to the group.

Standard/Interpretation	Effective date: Years beginning on or after
IFRS 16 Leases (amended on 28 May 2020)	**1 January 2019**
IFRIC 23 Uncertainty Over Income Tax Treatments	**1 January 2019**
Annual Improvements to IFRS Standards 2015-2017 Cycle	**1 January 2019**
IFRS 16 Exposure Draft on Lease Concessions (early adopted)	**1 June 2020**

Changes in accounting policy

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

IFRS 16 Leases

IFRS 16 requires that a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Depreciation is recognised on the right-of-use asset and interest is recognised on the lease liability, replacing the straight-line operating lease expense under IAS 17 Leases.

The group has adopted IFRS 16 using the modified retrospective approach. The adopted approach resulted in no change to opening equity. At the date of initial application, the group elected to use the practical expedient provided by IFRS 16, which allows the group to apply IFRS 16 to only those contracts that were previously identified as leases under IAS 17 and IFRIC 4 Determining Whether an Arrangement Contains a Lease. In addition, the group has elected to apply the following practical expedients provided by IFRS 16:

- 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;
- Excluded initial direct costs from measuring right-of-use assets at the transition date;
- Renewal and termination options that existed at 1 July 2019 were taken into account in determining the lease term; and
- The group also elected to apply the short-term lease expedients.

2. Accounting policies (continued)

Changes in accounting policy (continued)

When measuring lease liabilities on transition to IFRS 16, the group discounted its lease payments using the following rates, which were considered to be its incremental borrowing rate for each of the portfolios as at 1 July 2019:

- Metro Prime
- Town Prime + 0.5%
- Township Prime + 1.0%

The weighted average borrowing rate used to discount the lease payments was 10.41% as at 1 July 2019.

Comparative information has not been restated and has been reported under IAS 17.

At transition date, the adoption of IFRS 16 for the group resulted in the recognition of right-of-use assets to the value of R310 766 105 and lease liabilities of R333 304 525. This, together with the derecognition of accrued operating lease liabilities of R18 513 035, the derecognition of an onerous lease provision of R2 560 468 and the derecognition of deferred income related to landlord contributions of R1 464 917, resulted in no adjustment to retained income on transition date. The net effect on transition has resulted in no impact on deferred tax balances as the release of the prior year IAS 17 liability as well as the day one recognition of the right-of-use asset and lease liability resulted in a nil effect. The adoption of IFRS 16 had no effect on the company as the company was not a lessee in any material fixed-term or short-term contract. The adoption of IFRS 16 had no effect on the company as the company was not a lessee in any material fixed-term or short-term contract.

A reconciliation of the operating lease commitments of the group as at 30 June 2019 and the lease liabilities recognised on initial recognition is presented below.

	1 July 2019 R'000
Operating lease commitments as at 30 June 2019	**333 451**
Discounted using the incremental borrowing rate at 1 July 2019	**271 441**
Non-lease operating cost not capitalised	**(14 459)**
Extension options reasonably certain to be exercised	**76 323**
Lease liabilities recognised at 1 July 2019	**333 305**

An amendment to IFRS 16 Leases was issued on 28 May 2020, which exempts lessees from having to consider individual lease contracts to determine whether rent concessions received as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The group has elected to apply this expedient in the current financial year.

The amendment is effective 1 June 2020, with early adoption applicable and thus lessees can apply the amendment immediately in any financial statements not yet authorised for issue. The group has early adopted this amendment in the current financial year. This has resulted in any rent concessions received as a direct result of COVID-19 not being treated as lease modifications but rather as a credit to the income statement where it meets criteria per paragraph 46B of IFRS 16. The amount credited to the income statement amounted to R1 530 236.

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 the markdown and obsolescence of inventory is taken to profit or loss and takes into account historic sales information, seasonality of inventory and customer preferences and represents the expected markdown 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.

COVID-19 had a material impact on inventory provisioning as management assessed gross margins and sales performance following the re-opening of stores after the national lockdown. Refer to note 13.

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).

Impairment of right-of-use asset

Right-of-use assets, being leasehold rights in respect of retail store premises, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (such as a store becoming loss-making). The determination of the value-in-use of the cash-generating units to which the right-of-use assets belong is a significant judgement area. The smallest cash-generating units are our walk-in stores. The biggest uncertainties affecting stores are future footfall and consumer spending, which are particularly relevant to our super regional stores. Management has used their judgement and estimation techniques to determine discount rates and future cash flows. Further information about the assumptions made in measuring value-in-use is included in note 7 to the financial statements.

COVID-19 has exacerbated the losses of certain loss-making and marginally profitable stores and necessitated management to re-evaluate its assumptions and criteria for purposes of impairment testing. Key assumptions used in the cash flow calculations have been adjusted to reflect management's best estimate of the potential impact of COVID-19 on future earnings and cash flows, in particular the sales growth rate.

Basis of consolidation

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.

Indebtedness to or from subsidiaries is presented as part of net interest in subsidiaries, but accounted for as financial instruments.

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 and movements in other comprehensive income, with the corresponding entry accounted for in the statement of comprehensive income. The carrying value of the investment is also adjusted to recognise the group's share of other equity movements, which is accounted for directly in equity. Dividends received are accounted for against the carrying value of the investment.

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.

2. Accounting policies (continued)

Financial instruments

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 the 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.

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. A trade receivable without a significant financing component is initially measured at the transaction price.

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.

Classification and measurement

Financial assets

IFRS 9 contains three principal classification categories for financial assets that are debt instruments: measured at amortised cost, at 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):

- It is held within a business model of which the objective is to hold assets to collect contractual cash flows; and
- 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):

- It is held within a business model of which the objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 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 instruments not classified as measured at amortised cost or at 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 FVTPL 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 whilst holding financial assets at FVTPL is included in finance 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. Any gain or loss on derecognition is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents including 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.

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 comprises of loans 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.

Impairment of financial assets

The impairment model per IFRS 9 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.

The group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost, and is included in the carrying value of the financial assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The ECL is included as part of the trade receivable balance.

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).

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.

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

- 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
- 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).

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.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

2. Accounting policies (continued)

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 which 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 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 programmes that are acquired or developed by the group and have finite useful lives are 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 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 (the cash-generating unit or "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.

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 one 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 it remains 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. Short-term employee benefits are expensed as the related service is provided. The accruals for employee entitlements to wages and salaries represent the amount which the group has a present obligation to pay as a result of employee 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 is recognised as an employee benefit expense in profit or loss when it is 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 services 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.

2. Accounting policies (continued)

Employee benefits (continued)

Share-based payment transactions

The group may grant equity and/or 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 quoted share price as at the grant 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. The actual issue of share instruments to employees results in an increase in share capital at the fair value on the date of the share issue and a reduction of the share-based payment reserve at the grant date fair value. The resulting difference is recognised in retained earnings. 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. Refer to note 33.

Revenue

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 has 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 three-year prescription period, are deemed to only expire after three 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. Rental income is disclosed as other income.

Finance income

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

Dividend income

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

Management fee income

Revenue from services provided by the group to the holding company is recognised in the month in which the service is performed. Management fee income is derived from the provision of management and administration services.

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

Expenses

Cost of sales

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

Finance cost

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

Leases

The group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

As a lessor

The Group leases out its investment property, including own property and right-of-use assets. The group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

Policy applicable from 1 July 2019

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative standalone prices.

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects that the group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The group determines its incremental borrowing rate by obtaining the published prime interest rate, which is then adjusted to reflect the specific underlying risk pertaining to a lease.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (12 months and less) and low-value assets (consisting of information technology equipment) in line with the standard. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the group determined whether the arrangement was or contained a lease based on the assessment of whether:

- Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

for the year ended 30 June 2020

2. Accounting policies (continued)

Leases (continued)

As a lessee

In the comparative period, as a lessee the group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes tax arising on dividends.

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.

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 are reviewed at each reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset 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.

Where tax is withheld on dividends received the dividend is recognised at the gross amount with the related withholding tax recognised as part of 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 1/2019, 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 has been regrouped in order to align those figures with current year classification.

Other reclassifications related to categories within the notes. Refer to notes 23 and 26.

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 2020 or later periods. The directors anticipate that the adoption of the below mentioned standards in future periods will have no material financial impact on the financial statements of the group.

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact
Conceptual Framework for Financial Reporting	1 January 2020	Low
IFRS 3 Definition of a Business – amendments	1 January 2020	Low
IAS 1 and IAS 8 Definition of Material – amendments	1 January 2020	Low
Classification of Liabilities as Current or Non-current – amendments	1 January 2022	Low

for the year ended 30 June 2020

4. Property, plant and equipment

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Land and buildings				
Cost at the beginning of the year	**6 970**	5 896	**–**	–
Additions	**16**	1 074	**–**	–
Cost at the end of the year	**6 986**	6 970	**–**	–
Accumulated depreciation at the beginning of the year	**754**	418	**–**	–
Depreciation charge for the year	**371**	336	**–**	–
Accumulated depreciation at the end of the year	**1 125**	754	**–**	–
Carrying value at the beginning of the year	**6 216**	5 478	**–**	–
Carrying value at the end of the year	**5 861**	6 216	**–**	–
Fair value	**22 100**	25 000	**–**	–
Plant				
Cost at the beginning of the year	**297**	287	**–**	–
Additions	**21**	10	**–**	–
Cost at the end of the year	**318**	297	**–**	–
Accumulated depreciation at the beginning of the year	**94**	74	**–**	–
Depreciation charge for the year	**26**	20	**–**	–
Accumulated depreciation at the end of the year	**120**	94	**–**	–
Carrying value at the beginning of the year	**203**	213	**–**	–
Carrying value at the end of the year	**198**	203	**–**	–
Vehicles				
Cost at the beginning of the year	**1 214**	1 423	**–**	–
Additions	**–**	19	**–**	–
Disposals	**–**	(228)	**–**	–
Cost at the end of the year	**1 214**	1 214	**–**	–
Accumulated depreciation at the beginning of the year	**1 197**	1 400	**–**	–
Depreciation charge for the year	**4**	25	**–**	–
Depreciation on disposals	**–**	(228)	**–**	–
Accumulated depreciation at the end of the year	**1 201**	1 197	**–**	–
Carrying value at the beginning of the year	**17**	23	**–**	–
Carrying value at the end of the year	**13**	17	**–**	–
Equipment and shopfittings				
Cost at the beginning of the year	**199 119**	200 669	**–**	–
Additions	**15 732**	17 087	**–**	–
Disposals	**(2 472)**	(18 637)	**–**	–
Cost at the end of the year	**212 379**	199 119	**–**	–
Accumulated depreciation at the beginning of the year	**143 169**	145 662	**–**	–
Depreciation charge for the year	**19 237**	16 070	**–**	–
Depreciation on disposals	**(2 472)**	(18 563)	**–**	–
Accumulated depreciation at the end of the year	**159 934**	143 169	**–**	–
Carrying value at the beginning of the year	**55 950**	55 007	**–**	–
Carrying value at the end of the year	**52 445**	55 950	**–**	–
Total carrying value at the beginning of the year	**62 386**	60 721	**–**	–
Total carrying value at the end of the year	**58 517**	62 386	**–**	–

Impairment tests for plant and equipment

The group reviews the carrying value of assets when events or changes in circumstances suggest that the carrying value 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. No impairment charges were recognised in the current year.

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 2020 by independent valuers, Sterling Valuation Specialists. In applying this method, the professional associated values have 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 valuers indicated that due to COVID-19 a higher degree of caution should be attached to the valuation than would normally be the case. This has resulted in a higher capitalisation rate compared to the prior year.

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: 10.5% (2019: 10%)

5. Investment property

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Cost at the beginning of the year	**83 447**	83 098	**–**	–
Additions	**346**	349	**–**	–
Cost at the end of the year	**83 793**	83 447	**–**	–
Accumulated depreciation at the beginning of the year	**17 768**	14 357	**–**	–
Depreciation charge for the year	**2 783**	3 411	**–**	–
Accumulated depreciation at the end of the year	**20 551**	17 768	**–**	–
Carrying value at the beginning of the year	**65 679**	68 741	**–**	–
Carrying value at the end of the year	**63 242**	65 679	**–**	–
Fair value	**196 600**	203 200	**–**	–
Included in profit and loss are the following items:				
Rental income from investment property	**19 337**	16 786	**–**	–
Direct operating expenses (including repairs and maintenance) relating to rental-generating investment properties	**8 146**	8 249	**–**	–
Direct operating expenses (including repairs and maintenance) relating to investment properties which did not generate income	**194**	378	**–**	–
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	**19 997**	19 017	**–**	–
Between one and five years	**29 648**	13 463	**–**	–
Later than five years	**–**	–	**–**	–
Total	**49 645**	32 480	**–**	–

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 are classified as investment property.

Management has considered the following when assessing the owner-occupied portion as insignificant:

- Queenspark Proprietary Limited occupies approximately 10% (2019: 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% (2019: 7% and 9%). Subsequent renewals may be negotiated with the lessees and the average renewal periods are from two to five years. No contingent rentals are charged. As a result of COVID-19 credit notes amounting to R906 985 were issued to tenants during the current financial year. The group also committed to additional rental relief to December 2020, in the form of a reduction in the contractual lease obligation amounting to R226 974.

There are commitments to further develop our investment properties by R934 750 (2019: R471 000).

5. Investment property (continued)

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 2020 by independent valuers, Sterling Valuation Specialists. In applying this method, the professional associated values have 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 valuers indicated that due to COVID-19 a higher degree of caution should be attached to the valuation than would normally be the case. This has resulted in a higher capitalisation rate compared to the prior year.

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: 9.25% – 10.75%(2019: 9% – 10.5%)
- Discount rate: 14.25% (2019: 14.5%)

6. Intangible assets

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Computer software and other intangible assets				
Cost at the beginning of the year	**40 760**	39 566	**–**	–
Additions	**1 379**	1 194	**–**	–
Cost at the end of the year	**42 139**	40 760	**–**	–
Accumulated amortisation at the beginning of the year	**19 996**	16 586	**–**	–
Amortisation charge for the year	**3 613**	3 410	**–**	–
Accumulated amortisation at the end of the year	**23 609**	19 996	**–**	–
Carrying value at the beginning of the year	**20 764**	22 980	**–**	–
Carrying value at the end of the year	**18 530**	20 764	**–**	–

7. Right-of-use asset

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Fixed-term store leases				
Cost at the beginning of the year	**–**	–	**–**	–
Recognition of right-of-use asset on initial application of IFRS 16	**313 326**	–	**–**	–
Reallocation of onerous lease provision on initial application of IFRS 16	**(2 561)**	–	**–**	–
Additions	**81 455**	–	**–**	–
Landlord contributions	**(960)**	–	**–**	–
Lease cancellations	**(3 877)**	–	**–**	–
Cost at the end of the year	**387 383**	–	**–**	–
Accumulated depreciation and impairment at the beginning of the year	**–**	–	**–**	–
Depreciation charge for the year	**74 456**	–	**–**	–
Impairment charge for the year	**77 439**	–	**–**	–
Accumulated amortisation and impairment at the end of the year	**151 895**	–	**–**	–
Carrying value at the beginning of the year	**–**	–	**–**	–
Carrying value at the end of the year	**235 488**	–	**–**	–

Impairment tests for right-of-use assets

The group reviews the carrying value of right-of-use assets when events or changes in circumstances suggest that the carrying value may not be recoverable. The group assesses loss-making and low-profitability stores for impairment. Additionally, COVID-19 has materially and adversely impacted revenue trends and gross profit margins in our stores in the short to medium term. The carrying values of right-of-use assets were accordingly assessed for impairment by determining the recoverable amount, being the higher of the value-in-use and an indicative selling price. Since selling prices for right-of-use assets are not available, the value-in-use must be estimated. This estimation has been done on a store level, being the smallest cash-generating unit to which the asset belongs. The recoverable amount of the right-of-use asset has been determined to be R235 488 382 and accordingly an impairment charge of R77 438 885 was recognised in the current year.

The following critical assumptions were used in calculating the value-in-use of the cash-generating units:

- Pre-tax discount rate: 25.6% p.a.
- Store revenue growth: 5% p.a.
- Store rentals: as per leases
- General cost inflation: 5% p.a.

8. Net interest in subsidiary companies

			Shares at cost		Indebtedness	
	Issued capital R	Share-holding %	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000
Rex Trueform Group Limited						
Ordinary shares	1 452 903	72.62	**2 187**	2 187	**–**	–
"N" ordinary shares	44 341	51.39	**15 212**	15 212	**–**	–
6% cumulative preference shares	280 000	0.59	**1**	1	**–**	–
– Loan payable					**(2 208)**	(812)
The group provided financial assistance to its holding company in the form of a loan facility of R14 million. The financial assistance was approved by the board on 24 June 2019 (refer to the SENS announcement 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					**9**	99
During the current financial year the group provided financial assistance to the share trust in order to purchase the shares. The financial assistance was approved by the board on 26 June 2019 (refer to the SENS announcement 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	**(2 199)**	(713)

for the year ended 30 June 2020

8. Net interest in subsidiary companies (continued)

	COMPANY	
	2020 R'000	2019 R'000
Summary:		
Shares at cost	**17 400**	17 400
Investment in subsidiary companies	**17 400**	17 400
Non-current amounts receivable from subsidiary company	**9**	99
Non-current amounts payable to subsidiary company	**(2 208)**	(812)
Net interest in subsidiary companies	**15 201**	16 687
Shown as:		
Non-current assets	**17 409**	17 499
Non-current liabilities	**(2 208)**	(812)
	15 201	16 687
Loan payable to subsidiary company		
Balance at the beginning of the year	**(812)**	–
Loan received during the year	**(1 744)**	(2 000)
Repayments during the year	**411**	1 188
Interest repaid during the period	**99**	2
Interest accrued during the year	**(162)**	(2)
Balance at the end of the year	**(2 208)**	(812)
Net asset value of operating subsidiary company		
Rex Trueform Group Limited	**157 594**	139 412

9. Investment in associate

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Interest in associate	**168 552**	153 066	**–**	–
Carrying value at the beginning of the year	**18 606**	–	**–**	–
Investment at cost	**–**	2 516	**–**	–
Equity accounted movements in reserves	**4 749**	–	**–**	–
Equity accounted earnings	**(4 473)**	20 417	**–**	–
Dilution loss on investment in associate	**–**	(14 811)	**–**	–
Gain from bargain purchase on investment in associate	**–**	10 484	**–**	–
Carrying value	**18 882**	18 606	**–**	–
Loan to associate company – Non-current	**134 504**	134 460	**–**	–
Loan to associate company – Current	**15 166**	–	**–**	–
Total	**168 552**	153 066	**–**	–
Shown as:				
Non-current assets	**153 386**	153 066	**–**	–
Current assets	**15 166**	–	**–**	–
	168 552	153 066	**–**	–

Ombrecorp Trading (RF) Proprietary Limited ("Ombrecorp") provided loan funding to SA Water Works Holding Company (RF) Proprietary Limited ("SAWW") in the prior year. 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 repayments received from the underlying operating subsidiaries of the associate. The short-term portion of the loan reflects loan repayments received in July 2020. Loan repayments are linked to dividend distributions from the underlying operating subsidiary companies of SAWW and is subject to board resolution. Ombrecorp has two representatives on the board of directors of SAWW and its subsidiaries. No further loan repayments are planned for the next 12 months other than those made in July 2020. The balance of the loan is therefore considered to be long term in 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.

The independent valuation used to assess the recoverability of the investment was based on the underlying subsidiary companies that are party to the water concessions, which is Siza and Silulumanzi. The valuation was calculated using the discounted dividend model for the remaining period of the water concessions. The discount rate used was based on an independently calculated cost of equity. A liquidity and marketability discount was also calculated and applied to the discounted cash flow value. Based on an independent valuation and the solvency, liquidity and performance of the underlying operations, management is satisfied that the investment (including the loan receivable) is recoverable and no impairment thereof is necessary.

Reconciliation of carrying value at the beginning and end of the year

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Carrying value at the beginning of the year	**153 066**	–	**–**	–
Equity accounted movements in reserves	**4 749**	–	**–**	–
Share of net attributable profit of associate	**(4 473)**	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	**–**	–
Interest repaid during the year	**(4 924)**	(144)	**–**	–
Interest accrued during the year	**20 134**	9 469	**–**	–
Carrying value at the end of the year	**168 552**	153 066	**–**	–

Investment in and loan to associate

During the prior year the group acquired 30% of the issued share capital of SAWW for a nominal consideration via Ombrecorp Trading (RF) Proprietary Limited ("Ombrecorp"), a controlled subsidiary which was acquired as a shelf company in the prior year for the purpose of the investment. A total of R125 000 000 in funding was provided to SAWW consisting of share capital of R300 and loan funding of R124 999 700. The financial year-end of SAWW is 31 December.

SAWW was specifically incorporated in order to acquire controlling interests in two water concession businesses:

- Siza Water (RF) (Pty) Ltd ("Siza"); and
- Silulumanzi (RF) (Pty) Ltd and SA Water Works Utilities (RF) (Pty) Ltd (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 R125. R41 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 R14 811 423. The Silulumanzi transaction closed on this date;
- 28 February 2019: An additional interest in SAWW is acquired for a nominal value of R175 increasing the group's interest from 15.16% to 30%. R10 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 R83 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 R10 514 720; and
- 20 November 2019: 28% of Silulumanzi sold to Brain Gear Investments South Africa (RF) Pty Ltd ("BGI") by SAWW for R165 093 956. BGI issued preference shares to SAWW amounting R76 614 670 at a dividend rate of prime plus 2%. The transaction resulted in an amount of R15 830 774 being recognised directly in equity of SAWW. The group's share of the amount recognised directly in equity was R4 749 232.

As outlined above, Ombrecorp's interest in SAWW reduced from 33.78% to 15.16% on 21 December 2018 and later increased to 30% on 28 February 2019. 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.

for the year ended 30 June 2020

9. Investment in associate (continued)

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

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	
		2020 R'000	2019 R'000
Percentage ownership	(%)	**30.0**	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		**1 089 380**	1 087 702
Current assets		**340 492**	334 065
Non-current liabilities		**(1 013 635)**	(1 125 626)
Current liabilities		**(157 899)**	(196 034)
Non-controlling interest		**(203 781)**	(46 472)
Net assets (100%)		**54 557**	53 635
Group's share of net assets (30%)		**16 366**	16 090
Summarised statement of comprehensive income			
Revenue		**483 804**	411 645
Other income		**53 917**	145 308
Other operating costs		**(293 737)**	(355 707)
Profit after tax		**13 491**	61 337
Attributable to non-controlling shareholders		**(28 400)**	(7 702)
Attributable profit and comprehensive income (100%)		**(14 909)**	53 635
Group's share of total comprehensive income (33.78%; 15.16%; 30%)		**(4 473)**	20 417

The group's interest in SAWW was 30% for the current financial year. During this period the share of total comprehensive income was a loss of R4 472 944.

The share of total comprehensive income for the prior financial year was R20 417 480. 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 R26 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 R1 348 645. The group's interest in SAWW increased to 30% for the period 1 March 2019 to 30 June 2019. During this period the share of comprehensive income was a loss of R5 104 437.

10. Other investments

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Unlisted shares				
Business Partners Limited				
– 104 800 shares at fair value[1]	**734**	650	**–**	–
Listed shares				
Sanlam Limited				
– 1 356 shares at fair value[1]	**80**	106	**–**	–
Other	**4**	6	**4**	6
Total at fair value through other comprehensive income	**818**	762	**4**	6

[1] Shares held represent an insignificant shareholding percentage and are therefore not required to be consolidated.

11. Loan receivable/(payable)

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Non-current loans receivable				
Unsecured loans to share scheme participants – Related party	**967**	1 874	**427**	827
Non-current loans payable				
Unsecured loan raised to finance investment in associate	**(74 762)**	(75 200)	**–**	–
Current loans payable				
Unsecured loan raised to finance investment in associate	**(7 425)**	–	**–**	–

11.1 Unsecured loans to share scheme participants

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Balance at the beginning of the year	**1 874**	–	**827**	–
Advances during the year	**30**	1 874	**13**	827
Repayments during the year	**(937)**	–	**(413)**	–
Balance at the end of the year	**967**	1 874	**427**	827

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, and [iii] by the fifth anniversary of the signature date. The loan is not expected to be 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.

11.2 Unsecured loan raised to finance an investment in associate

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Balance at the beginning of the year	**(75 200)**	–	**–**	–
Loan received during the year	**–**	(72 000)	**–**	–
Interest repaid during the period	**2 244**	–	**–**	–
Interest accrued during the year	**(9 231)**	(3 200)	**–**	–
Balance at the end of the year	**(82 187)**	(75 200)	**–**	–

Ombrecorp received loan funding from 27four Life Limited for the sole purpose of acquiring the group's 30% interest in SAWW (refer to note 9). The loan is unsecured and bears interest at the six-month Jibar interest rate plus 5%. Accrued interest is capitalised on a bi-annual basis. The loan is repayable on a bi-annual basis from distributions received from the underlying operating subsidiaries of SAWW. The short-term portion of the loan reflects loan repayments received in July 2020. The balance of the loan is not expected to be repaid within 12 months and is therefore considered to be of a long-term nature.

for the year ended 30 June 2020

12. Deferred tax asset/(liability)

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Balance at the beginning of the year	**(5 245)**	(1 961)	**–**	–
– Deferred tax assets	**3 386**	2 819	**–**	–
– Deferred tax liabilities	**(8 631)**	(4 780)	**–**	–
Charge to profit or loss	**28 545**	(3 299)	**–**	–
– Current year	**27 470**	(2 540)	**–**	–
– Prior year under/(over)provision	**1 075**	(759)	**–**	–
Recognised in statement of comprehensive income	**(13)**	16	**–**	–
– Investments	**(13)**	16	**–**	–
Current year movement in temporary differences recognised in profit or loss	**28 545**	(3 299)	**–**	–
– Accruals and provisions	**(7 920)**	2 193	**–**	–
– Property, plant and equipment, intangible assets and investment property	**755**	(2 648)	**–**	–
– Right-of-use asset	**(65 937)**	–	**–**	–
– Lease liability	**97 872**	–	**–**	–
– Forward exchange contracts	**(82)**	82	**–**	–
– Lease asset	**250**	324	**–**	–
– Prepaid expense	**3 400**	(683)	**–**	–
– Investments, loans and receivables	**–**	–	**–**	–
– Assessed loss	**207**	(2 567)	**–**	–
Current year movement in temporary differences recognised in statement of comprehensive income	**(13)**	16	**–**	–
– Investments	**(13)**	16	**–**	–
Balance at the end of the year	**23 287**	(5 245)	**–**	–
– Deferred tax assets	**35 596**	3 386	**–**	–
– Deferred tax liabilities	**(12 309)**	(8 631)	**–**	–
Comprising:				
Deferred tax assets	**106 021**	15 936	**–**	–
– Assessed losses	**3 895**	3 689	**–**	–
– Lease liability	**97 872**	–	**–**	–
– Accruals and provisions	**4 247**	12 165	**–**	–
– Forward exchange contracts	**–**	82	**–**	–
– Property, plant and equipment, intangible assets and investment property	**7**	–	**–**	–
Deferred tax liabilities	**(82 734)**	(21 181)	**–**	–
– Property, plant and equipment, intangible assets and investment property	**(16 128)**	(16 875)	**–**	–
– Right-of-use asset	**(65 937)**	–	**–**	–
– Lease asset	**(227)**	(477)	**–**	–
– Investments	**(61)**	(48)	**–**	–
– Prepaid expense	**(381)**	(3 781)	**–**	–

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% (2019: 22.4%) was used to compute deferred tax for assets and liabilities which will be realised through sale, and a rate of 28% (2019: 28%) was used for deferred tax balances to be recovered through use.

The subsidiary company operating in Namibia has a statutory tax rate of 32% (2019: 32%).

Management considers that there will be future taxable profits against which the assessed losses will be utilised. The assessed losses relate to the retail segment of the group. In respect of the retail segment the following will positively impact profits in the future:

- The Queenspark brand is an established, trusted and well-known retail brand in South Africa supported by a loyal customer base;
- Queenspark launched its own ecommerce platform in June 2020;
- Various cost cutting measures have been implemented across the business;
- Negotiations are currently underway with landlords for rental relief; and
- Management will continue to monitor unprofitable stores and assess whether store closures are required.

13. Inventories

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Merchandise on hand	**108 957**	73 635	**–**	–
Merchandise at sea	**2 217**	25 900	**–**	–
Right to return asset	**506**	1 102	**–**	–
Inventories at the end of the year	**111 680**	100 637	**–**	–
Inventories carried at net realisable value	**62**	26	**–**	–
Net realisable value provision at the beginning of the year	**12 824**	9 700	**–**	–
Inventory provision included in profit or loss	**10 290**	3 123	**–**	–
Net realisable value provision at the end of the year	**23 114**	12 823	**–**	–

As at 30 June 2020, the net realisable value provision was 17.2% of gross cost of inventory compared to 11.3% at the end of the previous financial year. Due to the negative impact of COVID-19 on consumer spending and gross profit margins, management reassessed the provision at 30 June 2020 based on the latest gross profit margin and sales information as well as future expectations. Based on this assessment it was deemed appropriate to increase the provision accordingly. Management continues to monitor the impact of seasonality on the net realisable value provision and future buying plans of inventory will be adjusted as necessary.

14. Trade and other receivables

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Trade receivables	**3 403**	1 324	**–**	–
Prepayments	**7 358**	18 502	**103**	81
Other receivables	**366**	808	**–**	–
At the end of the year	**11 127**	20 634	**103**	81
Reconciliation				
Financial instruments				
Trade receivables	**3 403**	1 324	**–**	–
Other receivables	**366**	808	**–**	–
Non-financial instruments				
Prepayments	**7 358**	18 502	**103**	81
	11 127	20 634	**103**	81
Categorisation of trade and other receivables				
Trade and other receivables are categorised as follows in accordance with IFRS 9 Financial Instruments:				
At amortised cost	**3 769**	2 132	**–**	–
Non-financial instruments	**7 358**	18 502	**103**	81
	11 127	20 634	**103**	81

for the year ended 30 June 2020

15. Cash and cash equivalents

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Bank balances	**15 743**	22 522	**214**	4
Call deposits	**56 881**	33 071	**–**	–
At the end of the year	**72 624**	55 593	**214**	4

Call deposits include an amount of R577 500 pledged to the City of Cape Town.

16. Share capital

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Authorised share capital				
Ordinary shares				
10 000 000 ordinary shares of no par value (2019: 1 250 000)	**625**	625	**625**	625
80 000 000 "N" ordinary shares of no par value (2019: 80 000 000)	**50**	50	**50**	50
	675	675	**675**	675
Preference shares				
275 000 6% cumulative participating preference shares of R2 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 (2019: 1 250 000)	**625**	625	**625**	625
10 221 921 "N" ordinary shares of no par value (2019: 10 200 801)	**2 454**	1 927	**2 454**	1 927
	3 079	2 552	**3 079**	2 552
Preference shares				
275 000 6% cumulative participating preference shares of R2 each	**550**	550	**550**	550
	3 629	3 102	**3 629**	3 102

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 an executive director and a senior executive 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 an executive director and a senior executive in June 2019. In June 2020, a total of 21 120 "N" ordinary shares were awarded and issued to an executive director and a senior executive. Refer to note 29.2.

No dividends were declared or paid by the company on ordinary and "N" ordinary shares during the year (2019: R nil).

The directors have not proposed a dividend per share in respect of the 2020 year on ordinary and "N" ordinary shares.

17. Share-based payments reserve

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
BEE share-based payment reserve	**2 975**	2 987	**–**	–
Employee share incentive reserve	**1 182**	(61)	**549**	20
At the end of the year	**4 157**	2 926	**549**	20

BEE share-based payment reserve – an equity-settled share-based payment expense of R10 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 in the prior year. The group's share of the resulting share-based payment reserve amounted to R2 987 164. Refer to note 9.

Employee share incentive 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 29.2.

18. Other reserves

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Revaluation of assets held at fair value through other comprehensive income[1]	**357**	335	**4**	5
Actuarial gain on post-retirement defined benefit plan	**1 062**	1 065	**286**	286
At the end of the year	**1 419**	1 400	**290**	291

[1] Relates to other investments as per note 10.

19. Non-controlling interest

The following table summarises the information relating to the group's subsidiary, Rex Trueform Group Limited that has material non-controlling interest, before any intra-group eliminations.

		GROUP	
		2020 R'000	2019 R'000
Non-controlling interest percentage	%	**45.6**	45.4
Non-current assets		**127 398**	128 721
Current assets		**51 471**	27 255
Non-current liabilities		**(12 734)**	(9 143)
Current liabilities		**(8 542)**	(7 421)
Net assets		**157 593**	139 412
Net assets attributable to non-controlling interest		**71 859**	63 272
Revenue		**37 945**	28 022
Profit for the year		**15 433**	3 989
Other comprehensive income		**45**	(57)
Total comprehensive income for the year		**53 423**	31 954
Profit for the year allocated to non-controlling interest		**7 037**	1 810
Other comprehensive income allocated to non-controlling interest		**20**	(25)
Net cash inflows from operating activities		**22 308**	11 292
Net cash outflows from investing activities		**(367)**	(2 694)
Net cash outflows from financing activities		**(708)**	(54 977)
Net increase/(decrease) in cash and cash equivalents		**21 233**	(46 379)

In the prior year, summarised financial information of Rex Trueform Group Limited was not disclosed in the financial statements. In the current year, this error has been corrected by including the summarised financial information for the current and comparative period in the note. The full financial statements of Rex Trueform Group Limited can also be accessed at www.rextrueform.com.

for the year ended 30 June 2020

20. Lease liability

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Fixed-term store leases				
At the beginning of the year	**–**	–	**–**	–
Recognition of lease liability on initial application of IFRS 16	**333 305**	–	**–**	–
New leases	**81 455**	–	**–**	–
Lease cancellations	**(5 273)**	–	**–**	–
Finance cost	**35 617**	–	**–**	–
Finance cost paid	**(35 617)**	–	**–**	–
Capital repaid	**(57 495)**	–	**–**	–
At the end of the year	**351 992**	–	**–**	–
Included in non-current liabilities	**291 124**	–	**–**	–
Included in current liabilities	**60 868**	–	**–**	–
	351 992	–	**–**	–

Lease liabilities bear interest varying from 9.75% to 11.25% and are repayable from 2021 to 2026. Refer to note 36 for further information on leases.

21. Post-retirement liability

At 30 June 2020, the group had an obligation to provide limited post-retirement benefits to six (2019: seven) 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	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Reconciliation of liability				
At the beginning of the year	**730**	792	**218**	218
Interest cost included in profit or loss	**97**	123	**57**	57
Benefits paid	**(173)**	(185)	**(46)**	(57)
At the end of the year	**654**	730	**229**	218
Amount included in profit or loss				
Interest cost	**97**	123	**57**	57
	97	123	**57**	57

22. Accrued operating lease liability

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Lessee				
At 30 June 2019, future non-cancellable minimum lease rentals were payable during the following financial years:				
Minimum lease payments				
Cash flows year one	–	96 563	–	–
Cash flows years two to five	–	212 756	–	–
Cash flows > year five	–	24 132	–	–
Total future cash flows	–	333 451	–	–
Accrued operating lease liability – Non-current	–	(13 444)	–	–
Accrued operating lease liability – Current	–	(5 070)	–	–
Future expenses	–	314 937	–	–

Lessor – refer to note 5.

23. Trade and other payables

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Trade payables	**51 495**	24 999	**58**	10
Deferred income[1]	**7 002**	8 124	–	–
VAT payable	**1 445**	943	–	–
Rental deposits[1]	**4 863**	1 122	–	–
Employee benefit accruals	**6 427**	10 604	**211**	827
Other payables and accruals[1]	**12 734**	8 311	**453**	437
At the end of the year	**83 966**	54 103	**722**	1 274
Reconciliation				
Financial instruments				
Trade payables	**51 495**	24 999	**58**	10
Rental deposits[1]	**4 863**	1 122	–	–
Other payables[1]	**12 734**	8 311	**453**	437
Non-financial instruments				
Deferred income[1]	**7 002**	8 124	–	–
VAT payable	**1 445**	943	–	–
Employee benefit accruals	**6 427**	10 604	**211**	827
	83 966	54 103	**722**	1 274
Categorisation of trade and other payables				
Trade and other payables are categorised as follows in accordance with IFRS 9 Financial Instruments:				
At amortised cost[1]	**69 092**	34 432	**511**	447
Non-financial instruments[1]	**14 874**	19 671	**211**	827
	83 966	54 103	**722**	1 274

[1] Other payables and accruals in relation to the prior year were disaggregated in order to align with the current year disclosure. A total amount of R7 455 215 in relation to the group was reclassified to rental deposits and deferred income amounting to R1 121 846 and R6 333 369, respectively. An amount of R6 333 369 in relation to the group was reclassified from financial instruments at amortised cost to non-financial instruments.

for the year ended 30 June 2020

24. Provisions

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Employment costs	**–**	3 680	**–**	–
Customer returns	**1 076**	2 345	**–**	–
Provision for occupancy commitments	**176**	2 736	**–**	–
	1 252	8 761	**–**	–

24.1 Employment costs

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
At the beginning of the year	**3 680**	1 000	**–**	–
Movement in profit or loss	**(3 680)**	2 680	**–**	–
At the end of the year	**–**	3 680	**–**	–

The provision relates to staff bonuses. No bonuses were approved for the 2020 financial year.

24.2 Customer returns

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
At the beginning of the year	**2 345**	1 145	**–**	–
Movement in profit or loss	**(1 269)**	1 200	**–**	–
At the end of the year	**1 076**	2 345	**–**	–

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. The reduction in the provision is indicative of the reduction in retail turnover, which has been negatively impacted by COVID-19.

24.3 Provision for occupancy commitments

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
At the beginning of the year	**2 736**	–	**–**	–
Movement in profit or loss	**(2 560)**	2 736	**–**	–
At the end of the year	**176**	2 736	**–**	–

The provision in the prior year related 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 prior provision was therefore based on the present value of the remaining lease commitments as well as any related closure costs. During the current year the onerous lease provision amounting to R2 560 468 was reallocated to right-of-use assets. Therefore, the current year provision is only in relation to store closure costs.

25. Capital commitments

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Capital commitments include all projects for which specific board approval has been obtained.				
Authorised but not yet contracted for				
Store development	**462**	7 989	**–**	–
Computer infrastructure and software	**1 725**	3 777	**–**	–
Plant and machinery	**321**	778	**–**	–
Head office refurbishments	**905**	739	**–**	–
Motor vehicle	**–**	496	**–**	–
Total	**3 413**	13 779	**–**	–
Authorised and contracted for (less amounts already incurred)				
Investment property	**30**	–	**–**	–
Store development	**54**	16 123	**–**	–
Plant and machinery	**–**	30	**–**	–
Computer infrastructure and software	**105**	682	**–**	–
Total	**189**	16 835	**–**	–

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

26. Financial instruments

26.1 Carrying value

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Lease liabilities	**(351 992)**	–	**–**	–
Trade and other receivables[1]	**3 769**	2 132	**–**	–
Amounts receivable from subsidiary companies[1]	**–**	–	**9**	99
Cash and cash equivalents[1]	**72 624**	55 593	**214**	4
Loans receivable[1]	**967**	1 874	**427**	827
Trade and other payables[1, 2]	**(64 229)**	(33 310)	**(511)**	(447)
Rental deposits[1, 2]	**(4 863)**	(1 122)	**–**	–
Loan payable[1]	**(82 187)**	(75 200)	**–**	–
Amounts payable to subsidiary company[1]	**–**	–	**(2 208)**	(812)
Loan to associate company[1]	**149 670**	134 460	**–**	–
	(276 241)	(84 427)	**(2 069)**	(329)

[1] Approximates the fair value of the financial instruments.

[2] Other payables and accruals in relation to the prior year were disaggregated in order to align with the current year disclosure. Refer to note 23.

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 market 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.

26. Financial instruments (continued)

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Held at fair value through other comprehensive income (Level 1)	**84**	112	**4**	6
Held at fair value through other comprehensive income (Level 2)	**734**	650	**–**	–
Forward exchange contracts (Level 2)	**–**	(294)	**–**	–
	818	468	**4**	6

The fair value of held at fair value through other comprehensive income assets was based on the latest market price of the invested shares.

Fair values of the forward exchange contract were 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.

26.2 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 receivables 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 of any overdue amounts.

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 comprise of amounts receivable from online retailers. Securities are put in place where required.

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 ("ECLs") 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 determines whether the loss allowances should be calculated on a 12-month or on a lifetime ECL 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 ECLs. If not, then the loss allowance is based on 12-month ECLs. 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.

Management applies 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 ECLs. 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 considers 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 receivables 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 ECLs 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 ECLs.

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 counterparty 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, no longer than 12 months) and held with a reputable bank institution. Accordingly, there is no significant 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 an independent valuation and the solvency, liquidity and performance of the underlying operations, management is satisfied that the investment (including the loan receivable) is recoverable and no impairment thereof necessary. Management has followed the lifetime credit risk approach in assessing the remaining period of the concession agreements and concluded that the risk of default on the loan is negligible. The ECL is therefore considered to be insignificant.

		GROUP		COMPANY	
	Note	**2020 R'000**	2019 R'000	**2020 R'000**	2019 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	14	**3 403**	1 324	**–**	–
Other receivables	14	**366**	808	**–**	–
Loans receivable	11	**967**	1 874	**427**	827
Amounts receivable from subsidiary company	8	**–**	–	**9**	99
Cash and cash equivalents	15	**72 624**	55 593	**214**	4
Loan to associate company	9	**149 670**	134 460	**–**	–
		227 030	84 427	**650**	930

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Rentals to be received from tenants	**142**	–	**–**	–
Amounts receivable from franchisees	**–**	75	**–**	–
Online retailers	**878**	664	**–**	–
Other	**2 383**	585	**–**	–
	3 403	1 324	**–**	–

Impairment losses

The ageing of trade receivables at the reporting date was:

	GROUP				COMPANY			
	Gross 2020 R'000	**Impairment 2020 R'000**	Gross 2019 R'000	Impairment 2019 R'000	**Gross 2020 R'000**	**Impairment 2020 R'000**	Gross 2019 R'000	Impairment 2019 R'000
Not past due	**2 227**	**–**	1 302	–	**–**	**–**	–	–
Past due 0 – 30 days	**593**	**–**	22	–	**–**	**–**	–	–
Past due 31 – 60 days	**–**	**–**	–	–	**–**	**–**	–	–
Past due > 61 days	**583**	**–**	–	–	**–**	**–**	–	–
	3 403	**–**	1 324	–	**–**	**–**	–	–

26. Financial instruments (continued)

26.2 Credit risk (continued)

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
An analysis of the credit quality of trade 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	**593**	–	**–**	–
Other customers	**583**	6	**–**	–
	1 176	22	**–**	–

Trade receivables in total are considered fully recoverable. Certain customers have a long-standing credit history with the group and/or have provided the group with bank guarantees.

26.3 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 22 discloses cash flows relating to non-cancellable minimum lease rentals.

The expected cash flow related to the trade payable and other payables and accruals will occur as follows:

		GROUP		COMPANY	
	Note	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000
Less than one year					
Trade payables		**51 495**	24 999	**58**	10
Other payables and accruals[1]		**12 734**	8 311	**453**	437
Rental deposits[1]		**4 863**	1 122	**–**	–
Amount payable to subsidiary company		**–**	–	**2 208**	812
		69 092	34 432	**2 719**	1 259
Loan payable maturity profile					
Within one year		**7 425**	–	**–**	–
After one year		**74 762**	75 200	**–**	–
		82 187	75 200	**–**	–
Lease liabilities maturity profile (excluding renewal options)					
Within one year		**88 082**	–	**–**	–
Between one and two years		**71 723**	–	**–**	–
Between two and five years		**115 849**	–	**–**	–
After five years		**12 581**	–	**–**	–
		288 235	–	**–**	–
The expected cash flows related to forward exchange contracts will occur as follows:					
Carrying amount		**–**	294	**–**	–
Contractual cash flows		**–**	21 583	**–**	–
Less than one year		**–**	21 583	**–**	–

[1] Other payables and accruals in relation to the prior year were disaggregated in order to align with the current year disclosure. Refer to note 23.

	Note	GROUP		COMPANY	
		2020 R'000	2019 R'000	**2020 R'000**	2019 R'000

26.4 Interest rate risk

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

	Note	GROUP 2020 R'000	GROUP 2019 R'000	COMPANY 2020 R'000	COMPANY 2019 R'000
Variable-rate instruments					
Amounts payable to subsidiary companies	8	**–**	–	**(2 208)**	(812)
Cash and cash equivalents	15	**72 624**	55 593	**214**	4
Loan payable	11	**(82 187)**	(75 200)	**–**	–
Loan to associate company	9	**149 670**	134 460	**–**	–
		140 107	114 853	**(1 994)**	(808)
Interest-free instruments					
Amounts receivable from subsidiary companies	8	**–**	–	**9**	99
Loan receivable	11	**967**	1 874	**427**	827
		967	1 874	**436**	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. The current effective interest rate varies between 3.0% and 4.6% (2019: 6.25% and 7.6%). 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 2019.

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Impact on profit or loss before taxation	**1 401**	1 149	**(20)**	(8)
Impact on equity	**1 009**	827	**(20)**	(8)

26.5 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.

This risk is managed 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 currency in which the group primarily deals is United States Dollar. 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.

There are no foreign exchange commitments at the end of the year.

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Included in trade payables:				
Foreign suppliers – USD	**–**	3	**–**	–
	–	3	**–**	–

26. Financial instruments (continued)

26.5 Currency risk (continued)

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

	Currency	Foreign amount '000	Average forward cover rate	Rand amount R'000
2020				
Imports	USD	–	–	–
2019				
Imports	USD	1 500	R14.39	21 583

The following significant exchange rates applied during the year:

	Average rate		30 June spot rate	
	2020	2019	**2020**	2019
USD	**R15.70**	R14.18	**R17.33**	R14.15

The group is primarily exposed to United States 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 United States Dollar at 30 June would have increased/(decreased) profit or loss before taxation by the amounts shown below. This analysis assumes that all other variables, in particular rates, remain constant. The analysis is performed on the same basis as for 2019.

	Profit or loss R'000
2020	
USD	–
2019	
USD	2 158

26.6 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 2020, the ordinary shareholders' interest (total equity less preference share capital) to total assets was 32.4% (2019: 65.6%).

The impact of COVID-19 has specifically necessitated management to reconsider the liquidity needs and capital requirements of the group. Within the retail segment, store expansion and related capital projects were largely put on hold since the outbreak of COVID-19 and will be carefully managed in the short to medium term to conserve cash resources while the economy is recovering. The conservation of cash and appropriate cash management is vital in ensuring business continuity. The impact of COVID-19 on the properties and water infrastructure segments was minimal. Despite the impact of COVID-19, the group is sufficiently capitalised and has sufficient cash resources to pay liabilities as they fall due.

27. Revenue

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Revenue from contracts with customers	**578 746**	678 873	**–**	**–**
Turnover – Retail sales	**578 746**	678 873	**–**	–
Other revenue	**45 337**	29 508	**–**	7
Other income	**22 538**	17 213	**–**	–
Rental income	**19 337**	16 786	**–**	–
Management fee income	**3 191**	–	**–**	–
Profit on sale of property	**10**	427	**–**	–
Dividends received	**29**	27	**–**	–
Finance income	**22 770**	12 268	**–**	7
Related parties	**20 134**	9 469	**–**	–
External parties	**2 636**	2 799	**–**	7
	624 083	708 381	**–**	7
The disaggregated revenue from contracts with customers is as follows:				
Primary geographical markets	**578 746**	678 873	**–**	–
South Africa	**565 765**	663 587	**–**	–
Namibia	**12 981**	15 286	**–**	–
Timing of revenue recognition	**578 746**	678 873	**–**	**–**
Products transferred at a point in time	**578 746**	678 873	**–**	–
Other revenue	**45 337**	29 508	**–**	7
Total external revenue	**624 083**	708 381	**–**	7

for the year ended 30 June 2020

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

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Net profit on disposal of plant and equipment, intangible assets and investment property	**(10)**	(427)	**–**	–
– Equipment and shopfittings	**(10)**	(212)	**–**	–
– Vehicles	**–**	(215)	**–**	–
Net foreign exchange gain	**(2 992)**	(2 386)	**–**	–
– Realised gain	**(2 698)**	(3 426)	**–**	–
– Unrealised (gain)/loss	**(294)**	1 040	**–**	–
Amortisation	**3 613**	3 410	**–**	–
Depreciation	**96 877**	19 862	**–**	–
– Land and buildings and investment property	**3 154**	3 747	**–**	–
– Plant	**26**	20	**–**	–
– Vehicles	**4**	25	**–**	–
– Equipment and shopfittings	**19 237**	16 070	**–**	–
– Right-of-use asset	**74 456**	–	**–**	–
Impairment	**77 439**	–	**–**	–
– Right-of-use asset	**77 439**	–	**–**	–
Operating leases (IAS 17)	**–**	115 443	**–**	–
– Operating leases – Properties	**–**	115 443	**–**	–
Lease expenses (refer to note 36)	**25 092**	–	**–**	–
Rent concessions	**(1 530)**	–	**–**	–
Lease amortisation	**–**	(571)	**–**	–
Managerial, technical, administrative and secretarial fees	**6 768**	4 657	**492**	695
Gain on cancellation of lease	**(1 396)**	–	**–**	–
Equity-settled share-based payment	**–**	10 515	**–**	–
Exceptional COVID-19-related expenditure	**405**	–	**–**	–
Employment costs				
Non-executive directors	**750**	802	**–**	–
– For services as directors	**543**	580	**–**	–
– For consultancy services	**207**	222	**–**	–
Executive directors	**991**	5 853	**264**	950
– For services as directors	**327**	350	**–**	–
– For consultancy services	**69**	74	**–**	–
– Equity-settled share-based payment	**595**	2 142	**264**	950
– Paid for managerial services	**–**	2 812	**–**	–
– Retirement fund contributions	**–**	136	**–**	–
– Other benefits	**–**	105	**–**	–
– Bonuses and performance-related payments	**–**	234	**–**	–
Key management	**2 594**	3 273	**264**	950
– For services as directors of subsidiary companies	**–**	57	**–**	–
– Equity-settled share-based payment	**993**	2 142	**264**	950
– Paid for managerial services	**1 218**	940	**–**	–
– Retirement fund contributions	**40**	44	**–**	–
– Other benefits	**58**	36	**–**	–
– Bonuses and performance-related payments	**285**	54	**–**	–
Employment costs – Other	**100 646**	110 954	**634**	20
– Employment costs	**94 193**	105 884	**–**	–
– Equity-settled share-based payment	**2 634**	87	**634**	20
– Retirement funding costs	**3 819**	4 983	**–**	–
Total employment costs	**104 981**	120 882	**1 162**	1 920

29. Directors' emoluments

29.1 Directors' remuneration

	Directors' fees R'000	Fees for other services[1] R'000	Basic salary R'000	Performance-related payments R'000	Value of other benefits[2] R'000	Retirement fund contributions R'000	Total 2020 R'000
Executive directors							
MA Golding[3]	327	69	–	–	–	–	396
WD Nel	–	–	–	–	595	–	595
	327	69	–	–	595	–	991
Non-executive directors							
PM Naylor	150	108	–	–	–	–	258
HB Roberts	131	69	–	–	–	–	200
LK Sebatane	131	30	–	–	–	–	161
MR Molosiwa	131	–	–	–	–	–	131
	543	207	–	–	–	–	750
Key management							
CL Lloyd[4]	–	–	–	125	595	–	720
D Franklin	–	–	1 218	160	456	40	1 874
	–	–	1 218	285	1 051	40	2 594
Total	870	276	1 218	285	1 646	40	4 335
Summary							
Equity settled – Company	–	–	–	–	528	–	528
Equity-settled – Subsidiary company	–	–	–	–	1 060	–	1 060
Paid by subsidiary companies	870	276	1 218	285	58	40	2 747
	870	276	1 218	285	1 646	40	4 335

29. Directors' emoluments (continued)

29.1 Directors' remuneration (continued)

	Directors' fees (R'000)	Fees for other services[1] (R'000)	Basic salary (R'000)	Performance-related payments (R'000)	Value of other benefits[2] (R'000)	Retirement fund contributions (R'000)	Total 2019 (R'000)
Executive directors							
CEA Radowsky[5]	–	–	2 812	234	105	136	3 287
MA Golding[3]	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[4]	–	–	–	–	2 142	–	2 142
D Franklin	–	–	940	54	36	44	1 074
M Cole[6]	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

[1] These are fees for services rendered in respect of the audit, risk and social and ethics committees.
[2] Other benefits include insurance policies paid on behalf of the directors and realised gains on share awards/options.
[3] Chairman and non-executive director until appointment as chief executive officer with effect from 3 September 2018.
[4] Appointed as chief executive officer of Rex Trueform Group Limited with effect from 12 March 2019.
[5] Resigned as chief executive officer on 31 August 2018.
[6] Appointed to the board of Queenspark Proprietary Limited on 4 July 2018 and resigned on 27 November 2018.

29.2 Directors' interests in shares

Ordinary and "N" ordinary shares	Number of shares 2020	2019
Held directly:		
WD Nel	**42 238**	31 680
	42 238	31 680
Held indirectly in the company[6]:		
MA Golding	**4 319 030**	4 319 030
HB Roberts	**5 901 539**	5 901 539
CEA Radowsky[7]	**–**	100 000
	10 220 569	10 320 569

[6] Appointed to the board of Queenspark Proprietary Limited on 4 July 2018 and resigned on 27 November 2018.
[7] Resigned as a director of the company on 31 August 2018.

Share options/awards in respect of the company – 2020

	Number of share options as at 1 July 2019	Share options/ awards granted/ (forfeited) during the year (number)	Option/ award price	Sub-scription price of shares	Acceptance date	Shares transferred to grantee during the year	Number of share options as at 30 June 2020	Realised gains 2020 (R'000)	Unrealised gains 2020 (R'000)
Executive directors									
WD Nel	31 680	–	nil	nil	25-Jun-19	10 558	21 122	264	274
Senior executives									
CL Lloyd	31 680	–	nil	nil	23-Jun-19	10 558	21 122	264	275
Total	63 360	–				21 116	42 244	528	549
Average option price (Rand)							nil		
Share options/ awards in respect of the subsidiary									
Rex Trueform Group Limited									
Executive directors									
CL Lloyd	55 424	–	nil	nil	23-Jun-19	18 472	36 952	331	344
D Franklin	66 509	–	nil	nil	21-Jun-19	22 167	44 342	398	413
	121 933	–				40 639	81 294	729	757
Senior executives									
WD Nel	55 424	–	nil	nil	23-Jun-19	18 472	36 952	331	344
CEA Radowsky	44 339	–	nil	nil	24-Jun-19	14 778	29 561	265	275
AT Snitcher	22 170	(14 781)	nil	nil	24-Jun-19	7 389	–	133	–
	121 933	(14 781)				40 639	66 513	729	619
Total	243 866	(14 781)				81 278	147 807	1 458	1 376
Average option price (Rand)							nil		

for the year ended 30 June 2020

29. Directors' emoluments (continued)

29.2 Directors' interests in shares (continued)

Share options/awards in respect of the company – 2019

	Number of share options as at 1 July 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	Number of share options as at 30 June 2019	Realised gains 2019 (R'000)	Unrealised gains 2019 (R'000)
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		
Share options/ awards in respect of the subsidiary									
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 prices and the company share price on the date of acceptance of the awards.

As at 30 June 2020 the share trust held 4 (2019: nil) shares in reserve for future utilisation.

30. Finance cost

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Interest on lease liabilities	**35 617**	–	**–**	–
Interest on loan payable	**9 231**	3 200	**–**	–
Other finance cost	**266**	125	**219**	59
	45 114	3 325	**219**	59

31. Income tax expense

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Income tax	**2 362**	11 306	**–**	1
– Current year	**2 063**	11 256	**–**	1
– Prior year	**299**	50	**–**	–
Deferred tax (refer to note 12)	**(28 545)**	3 299	**–**	–
– Current year	**(27 470)**	2 540	**–**	–
– Prior year	**(1 075)**	759	**–**	–
Total income tax	**(26 183)**	14 605	**–**	1

Tax rate reconciliation:

	GROUP				COMPANY			
	2020 %	**2020 R'000**	2019 %	2019 R'000	**2020 %**	**2020 R'000**	2019 %	2019 R'000
(Loss)/Profit before tax from continuing operations		**(103 453)**		46 869		**(2 243)**		(3 191)
Tax using the company's domestic tax rate	**28.0**	**(28 967)**	28.0	13 124	**28.0**	**(628)**	28.0	(893)
Effect of rates in foreign jurisdictions	**0.2**	**(175)**	(0.1)	(66)	**–**	**–**	–	–
Tax effect of:								
Share of loss/(profit) of associate (net of taxation)	**(1.2)**	**1 251**	(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	**(0.7)**	**738**	8.9	4 167	**(7.9)**	**178**	(16.9)	538
Other non-deductible expenses	**(0.5)**	**478**	1.3	605	**(20.1)**	**450**	(11.2)	356
Tax exempt income	**–**	**(8)**	–	(7)	**–**	**–**	–	–
Tax incentives from learnerships	**0.1**	**(126)**	(0.1)	(42)	**–**	**–**	–	–
Capital gains tax inclusion rate	**–**	**–**	–	(6)	**–**	**–**	–	–
Current-year losses for which no deferred tax asset was recognised	**(1.4)**	**1 402**	1.1	527	**–**	**–**	–	–
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	**1.0**	**(1 075)**	1.6	759	**–**	**–**	–	–
Changes in estimates related to prior year	**(0.3)**	**299**	0.1	50	**–**	**–**	–	–
Total income tax	**25.3**	**(26 183)**	31.2	14 605	**–**	**–**	–	1

for the year ended 30 June 2020

32. 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.

32.1 Basic and headline (loss)/earnings per ordinary share

	2020		2019	
	Gross R'000	Net of taxation R'000	Gross R'000	Net of taxation R'000
(Loss)/profit attributable to ordinary and "N" ordinary shareholders	–	(42 790)	–	20 118
Adjusted for:				
Profit from disposal of property, plant and equipment, net of taxation	(6)	(4)	(233)	(172)
Impairment on right-of-use asset	42 293	30 751	–	–
Dilution loss on investment in associate	–	–	8 133	8 133
Gain from bargain purchase on investment in associate	–	–	(5 757)	(5 757)
Non-headline earnings of associate				
Gain from bargain purchase of investment	–	–	(17 300)	(17 300)
(Profit)/loss from disposal of property, plant and equipment	(1)	(1)	1	1
Headline (loss)/earnings		(12 044)		5 023

32.2 Diluted basic and headline (loss)/earnings per ordinary share

	Number of shares	
	2020	2019
Weighted average number of ordinary and "N" ordinary shares in issue	11 450 163	11 388 483
Basic (loss)/earnings per ordinary share (cents)	(373.7)	176.7
Headline (loss)/earnings per ordinary share (cents)	(105.2)	44.1
Weighted average number of ordinary and "N" ordinary shares in issue	11 450 163	11 388 483
Dilutive effect of share options	42 244	1 041
Weighted average number of diluted ordinary and "N" ordinary shares	11 492 407	11 389 524
Diluted (loss)/earnings per ordinary share (cents)	(372.3)	176.6
Diluted headlines (loss)/earnings per ordinary share (cents)	(104.8)	44.1

33. 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 64. Directors' shareholding is disclosed in the Directors' Report and in note 29.2.

Subsidiaries

Intragroup transactions and balances with subsidiaries, listed in note 8, 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	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Related party transactions and balances during the period were as follows:				
Management and administration fees received				
– SA Water Works Holding Company (RF) Proprietary Limited	**3 191**	–	**–**	–
Other income received (underwriting fee)				
– SA Water Works Holding Company (RF) Proprietary Limited	**–**	136	**–**	–
Management and administration fees paid				
– Geomer Managerial Services Proprietary Limited[1]	**2 400**	2 516	**–**	–
Finance income				
– SA Water Works Holding Company (RF) Proprietary Limited	**20 134**	9 469	**–**	–
Finance cost				
– Rex Trueform Group Limited	**–**	–	**161**	2
Loans receivable				
– African and Overseas Share Trust	**–**	–	**9**	99
– SA Water Works Holding Company (RF) Proprietary Limited	**149 670**	134 460	**–**	–
– Unsecured loans to share scheme participants[2]	**967**	1 874	**427**	827
Loans payable				
– Rex Trueform Group Limited	**–**	–	**2 208**	812
Current accounts receivable				
– SA Water Works Holding Company (RF) Proprietary Limited	**1 412**	–	**–**	–
Current accounts payable				
– Geomer Managerial Services Proprietary Limited[1]	**345**	2 516	**–**	–

[1] Indirectly controlled by MA Golding.

[2] Includes a loan to a director of R nil (2019: R937 000).

There are contingent liabilities in respect of suretyships furnished by the group for leases and normal business commitments of Queenspark Proprietary Limited, the group's Namibian subsidiary, approximating R396 000 (2019: R396 000).

Directors

Details relating to executive and non-executive directors' remuneration are disclosed in note 29.1 and in directors' interest in shares and share options in note 29.2.

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 29.1.

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.

for the year ended 30 June 2020

34. Notes to the statement of cash flows

34.1 Operating profit/(loss) before working capital changes

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
(Loss)/profit before taxation	**(103 453)**	46 869	**(2 243)**	(3 191)
Adjusted for:				
Amortisation	**3 613**	3 410	**–**	–
Depreciation and impairment charges	**174 316**	19 862	**–**	–
Dividends received	**(29)**	(27)	**–**	–
Finance income	**(22 770)**	(12 268)	**–**	(7)
Finance cost	**45 114**	3 325	**219**	59
Profit on disposal of property, plant and equipment	**(10)**	(427)	**–**	–
Accrued operating lease liability movement	**–**	(571)	**–**	–
Unrealised foreign exchange (gain)/loss	**(294)**	1 040	**–**	–
Gain on cancellation of lease	**(1 396)**	–	**–**	–
Flooring allowances received	**960**	–	**–**	–
Share of loss/(profit) from associate (including dilution loss and gain on bargain purchase in the prior year)	**4 473**	(16 090)	**–**	–
Equity-settled share-based payment	**4 222**	14 885	**1 162**	1 921
Movement in post-retirement liability	**(76)**	(62)	**11**	–
Movement in inventory provision	**10 290**	3 123	**–**	–
	114 960	63 069	**(851)**	(1 218)

34.2 Working capital changes

	GROUP		COMPANY	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Increase in inventories	**(21 333)**	(11 628)	**–**	–
Decrease/(increase) in trade and other receivables	**10 402**	8 042	**(22)**	(35)
Increase/(decrease) in trade and other payables and provisions	**26 380**	11 045	**(551)**	993
	15 449	7 459	**(573)**	958

34.3 Interest received

		GROUP		COMPANY	
	Note	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000
Cash and cash equivalents	15	**2 636**	2 790	**–**	7
Loan to associate company	9	**4 924**	9	**–**	–
		7 560	2 799	**–**	7

34.4 Interest paid

	Note	GROUP 2020 R'000	GROUP 2019 R'000	COMPANY 2020 R'000	COMPANY 2019 R'000
Loan payable to subsidiary company	8	**–**	–	**(99)**	(2)
Loan payable	11	**(2 244)**	–	**–**	–
Lease liability	20	**(35 617)**	–	**–**	–
Other		**(266)**	(125)	**(57)**	(57)
		(38 127)	(125)	**(156)**	(59)

34.5 Dividends paid

	GROUP 2020 R'000	GROUP 2019 R'000	COMPANY 2020 R'000	COMPANY 2019 R'000
Dividend on 6% cumulative preference shares	**(50)**	(50)	**(33)**	(33)
	(50)	(50)	**(33)**	(33)

34.6 Taxation paid

	GROUP 2020 R'000	GROUP 2019 R'000	COMPANY 2020 R'000	COMPANY 2019 R'000
Amounts unpaid at the beginning of the year	**(693)**	(19)	**–**	(1)
Amounts overpaid at the beginning of the year	**6**	163	**–**	–
Amounts charged to profit or loss	**(2 362)**	(11 306)	**–**	(1)
Amounts unpaid at the end of the year	**–**	693	**–**	–
Amounts overpaid at the end of the year	**(5 670)**	(6)	**–**	–
	(8 719)	(10 475)	**–**	(2)
Comprising:				
Income tax paid	**(8 719)**	(10 475)	**–**	(2)

34.7 Loan repaid/(advanced)

	Note	GROUP 2020 R'000	GROUP 2019 R'000	COMPANY 2020 R'000	COMPANY 2019 R'000
Loan to subsidiary company	8	**–**	–	**(90)**	(99)
Loan to associate company	9	**–**	(124 991)	**–**	–
Unsecured loans to share scheme participants – related party	11	**908**	(1 874)	**400**	(827)
		908	(126 865)	**490**	(926)

35. Segmental analysis

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

- **Retail** – comprises the retailing of fashion apparel through Queenspark stores in South Africa and Namibia as well as through a franchise in Kenya.
- **Property** – comprises the group's property portfolio based in Cape Town, which includes both investment and owner-occupied properties.
- **Water infrastructure** – comprises an indirect investment made in a private water and wastewater utility group operating in the South African provinces of Mpumalanga 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.

Management has embraced geographic reporting in the current financial year for the Namibian operations, which comprise three stores, and identified as a separate geographic segment. The two geographic segments, being South Africa and Namibia, are based on the location of the group's customers and have been presented below.

for the year ended 30 June 2020

35. Segmental analysis (continued)

	GROUP	
	2020 R'000	2019 R'000
Revenue		
Retail	**583 272**	685 756
Turnover – External	**578 746**	678 873
Finance income – External	**1 671**	1 193
Management fee income – Inter-segment	**2 845**	5 443
Profit on sale of assets – External	**10**	247
Property	**25 196**	22 813
Rental income – External	**19 337**	16 786
Rental income – Inter-segment	**5 708**	5 828
Finance income – External	**151**	199
Water infrastructure	**23 175**	9 469
Finance income – External	**20 134**	9 469
Management fee income – External	**3 041**	–
Group services	**16 480**	9 245
Finance income – External	**814**	1 407
Finance income – Inter-segment	**8 713**	5 698
Dividends received – External	**29**	27
Dividends received – Inter-segment	**3 000**	–
Management fee income – External	**150**	–
Management fee income – Inter-segment	**3 774**	1 933
Profit on sale of assets – External	**–**	180
Inter-segment eliminations	**(24 040)**	(18 902)
Total group revenue	**624 083**	708 381
Segment operating (loss)/profit		
Retail	**(82 810)**	32 566
Property	**14 204**	9 553
Water infrastructure	**(150)**	(10 484)
Group services	**(7 909)**	(9 826)
Total group operating (loss)/profit	**(76 665)**	21 809
Segment net (loss)/profit after tax		
Retail	**(86 686)**	22 780
Property	**10 334**	7 022
Water infrastructure	**(1 799)**	7 118
Group services	**881**	(4 656)
Total group net (loss)/profit after tax	**(77 270)**	32 264
Depreciation and amortisation		
Retail	**97 296**	19 504
Property	**3 194**	3 768
Total group depreciation and amortisation	**100 490**	23 272
Impairment		
Retail	**77 439**	–
Total group impairment	**77 439**	–
Segment assets		
Retail	**511 868**	246 679
Property	**71 537**	74 243
Water infrastructure	**169 142**	153 094
Group services	**31 073**	12 475
Total group assets	**783 620**	486 491

	GROUP	
	2020 R'000	2019 R'000
Segment liabilities		
Retail	**427 741**	73 705
Property	**20 952**	12 777
Water infrastructure	**82 237**	75 383
Group services	**1 430**	5 061
Total group liabilities	**532 360**	166 926
Capital expenditure		
Retail	**17 102**	18 298
Property	**392**	1 433
Total group capital expenditure	**17 494**	19 731
Geographical segments		
Revenue		
South Africa	**619 121**	702 507
Namibia	**12 981**	15 286
Inter-segment eliminations	**(8 019)**	(9 412)
Total group revenue	**624 083**	708 381
Segment assets		
South Africa	**780 438**	482 315
Namibia	**3 182**	4 176
Total group assets	**783 620**	486 491
Segment liabilities		
South Africa	**528 867**	165 763
Namibia	**3 493**	1 163
Total group liabilities	**532 360**	166 926

36. Leases

Leases as lessee (IFRS 16)

The group leases the premises of all of its stores. The leases typically run for a period of five to seven years, with some leases having the option to renew the lease after that date. Where the rental payments are fixed per the lease agreements, the company recognises right-of-use assets and corresponding lease liabilities.

A small number of store rental payments are based on store turnover for which the company has not recognised a right-of-use asset and a corresponding lease liability due to the uncertainty of the amount of future lease payments. Furthermore, the company also leases its head office premises and distribution facility. These leases are regarded as short term. The company has elected not to recognise right-of-use assets and corresponding lease liabilities for these leases.

Information about leases for which the company is a lessee is presented below.

	GROUP	
	2020 R'000	2019 R'000
Amounts recognised in the statement of financial position		
2020 – Leases under IFRS 16		
Capital repayments on lease liabilities	**57 495**	–
Amounts recognised in profit or loss		
2020 – Leases under IFRS 16		
Interest on lease liabilities	**35 617**	–
Lease expenses (refer to note 28)	**25 092**	–
Short-term lease expense	**5 948**	–
Variable lease payments	**1 722**	–
Operating, marketing and variable costs	**17 422**	–
Depreciation – Right-of-use asset	**74 456**	–
Impairment – Right-of-use asset	**77 439**	–
Rent concessions	**(1 530)**	–
2019 – Leases under IAS 17		
Lease expense	–	121 714
Amounts recognised in statement of cash flows		
Cash outflows for leases	**116 674**	121 714

36. Leases (continued)

Extension options

Some property leases contain extension options exercisable by the company up to one year before the end of the non-cancellable contract period. Where practicable, the company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the company and not by the lessors. The company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. All extension options were factored into the lease liability at 30 June 2020.

37. 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 2020 the company's current liabilities exceed its current assets by R405 816 (2019: net current liability position of R1 189 214). The company's subsidiary, Rex Trueform Group Limited, has provided financial assistance to the company in the form of a loan facility of R14 million in order to assist the company to pay any debts as they fall due. As at 30 June 2020 R2 207 518 (2019: R812 140) million of this facility was utilised. Refer to note 8 of the financial statements for the details of the loan.

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic. Many governments around the world are taking increasingly stringent steps to contain the spread of the virus. This resulted in the temporary closure of businesses and restrictions on the movement of people and goods. The pandemic resulted in a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates. The group's countries of trading, South Africa and Namibia, have been hit hard by lockdown regulations. The South African government declared a nationwide lockdown with effect from 26 March 2020, requiring all non-essential businesses to close temporarily. South African lockdown regulations have since been relaxed and many parts of the economy were allowed to reopen from 1 May 2020, including the group's retail stores.

Despite the uncertainties created by COVID-19 and the impact it had on the carrying value of the right-of-use asset as at 30 June 2020 as well as on revenue and cash flows for the year then ended, the group has a healthy balance sheet as at the reporting date. The group is sufficiently capitalised and has sufficient cash resources to settle its liabilities as they fall due. Management has further implemented, and will continue to implement actions to preserve liquidity and reduce costs to ensure the sustainability of the group. These measures are further explained in note 12 (Deferred tax), note 13 (Inventories) and note 26.6 (Capital risk management) to 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. 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.

38. Events subsequent to the reporting date

Ombrecorp Trading (RF) Proprietary Limited received a loan repayment of R15 165 632 on 23 July 2020, of which R7 740 538 remained within the group. The remainder will be utilised to discharge repayment obligations to 27four Life Limited.

On 28 August 2020, Ombrecorp Trading (RF) Proprietary Limited concluded an agreement to acquire an additional effective interest of 0.79% in SA Water Works Holding Company (RF) Proprietary Limited. The purchase consideration amounted to R421 007 and was settled on 1 September 2020.

The group received credit notes for short term rent concessions in the amount of R14 259 640 post year-end.

Subsequent to the reporting date, countrywide COVID-19 lockdown restrictions were lifted to level 1 meaning that most normal activity can resume provided that all health and safety protocols, including observance of guidelines for social distancing, sanitation and hygiene, and use of appropriate personal protective equipment, are followed at all times. There is a risk that if the infection rate increases to unacceptable levels that this will lead to an increase in the COVID-19 alert level. The uncertainty around COVID-19 is expected to continue into the foreseeable future. The group is adhering to all required protocols and is committed to trading through these challenging times.

There is no other matter or circumstance which is material to the financial affairs of the company, which has occurred between 30 June 2020 and the date of approval of the financial statements, that has not been otherwise dealt with in the financial statements.

Shareholders' Information

Analysis of shareholders at 30 June 2020

The shareholders' information presented below is unaudited supplementary information and does not form part of the financial statements. The shareholders' information was authorised by the board of directors on 29 October 2020 and published on 29 October 2020.

	Ordinary		"N" ordinary		Preference	
	Number of share-holders	%	Number of share-holders	%	Number of share-holders	%
Public shareholders	44	91.6	118	93.6	38	95.0
Companies and close corporations	9	18.7	15	11.9	2	5.0
Individuals	30	62.5	88	69.8	30	75.0
Insurance companies, nominees and trusts	5	10.4	13	10.3	5	12.5
Mutual funds and pension funds	–	–	2	1.6	1	2.5
Non-public shareholders	4	8.4	8	6.4	2	5.0
Geomer Investments Proprietary Limited[1]	1	2.1	1	0.8	–	–
Directors[3]	–	–	2	1.6	–	–
Ceejay Trust[2]	2	4.2	2	1.6	1	2.5
Gingko Investments 2 Proprietary Limited[2]	1	2.1	2	1.6	1	2.5
The African and Overseas Share Trust	–	–	1	0.8	–	–
Totals	48	100.0	126	100.0	40	100.0

	Ordinary		"N" ordinary		Preference	
	Number of shares	%	Number of shares	%	Number of shares	%
Public shareholders	100 014	8.0	1 066 858	10.4	108 594	39.5
Companies and close corporations	27 382	2.2	554 485	5.4	12 010	4.4
Individuals	55 930	4.5	252 441	2.5	69 457	25.3
Insurance Companies, nominees and trusts	16 702	1.3	248 215	2.4	20 202	7.3
Mutual funds and pension funds	–	–	11 717	0.1	6 925	2.5
Non-public shareholders	1 149 986	92.0	9 155 063	89.6	166 406	60.5
Geomer Investments Proprietary Limited[1]	903 825	72.3	3 415 205	33.4	–	–
Directors[3]	–	–	84 476	0.8	–	–
Ceejay Trust[2]	169 237	13.5	4 514 511	44.2	120 400	43.8
Gingko Investments 2 Proprietary Limited[2]	76 924	6.2	1 140 867	11.2	46 006	16.7
The African and Overseas Share Trust	–	–	4	–	–	–
Totals	1 250 000	100.0	10 221 921	100.0	275 000	100.0

	Ordinary		"N" ordinary		Preference	
Shareholders holding 5% or more of share capital	Number of shares	%	Number of shares	%	Number of shares	%
Geomer Investments Proprietary Limited[1]	903 825	72.3	3 415 205	33.4	–	–
Ceejay Trust[2]	169 237	13.5	4 514 511	44.2	120 400	43.8
Gingko Investments 2 Proprietary Limited[2]	76 924	6.2	1 140 857	11.2	46 006	16.7
Totals	1 149 986	92.0	9 070 583	88.8	166 406	60.5

[1] An associate of MA Golding.

[2] An associate of HB Roberts.

[3] Held by WD Nel and CL Lloyd.

Corporate Information

AFRICAN AND OVERSEAS ENTERPRISES LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1947/027461/06)
JSE share codes: AOO – AON – AOVP
ISIN: ZAE000000485 – ZAE000009718 – ZAE000000493
("AOE" or "the group" or "the company")

Listed on the JSE Limited under the sector Consumer Services – Retail – General Retailers – Apparel Retailers

Registered office

263 Victoria Road
Salt River, Cape Town, 7925
(PO Box 1856, Cape Town, 8000)
Tel: 021 460 9400
Fax: 021 460 9575

Company secretary

AR Mushabe
263 Victoria Road
Salt River, Cape Town, 7925
(PO Box 1856, Cape Town, 8000)

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg, 2196
(Private Bag X9000, Saxonwold, 2132)
Tel: 011 370 5000
Fax: 011 688 5248

Sponsors

Java Capital
6th Floor, 1 Park Lane, Wierda Valley
Sandton, Johannesburg, 2196
(PO Box 522606, Saxonwold, 2132)

Auditors

KPMG Inc.
The Halyard
4 Christiaan Barnard Street,
Cape Town, 8001

Principal banker

The Standard Bank of South Africa Limited

Website addresses

http://www.rextrueform.com
http://www.queenspark.com

BRANDESIGN