1937

REX TRUEFORM
GROUP LIMITED

2021

ANNUAL
FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Rex Trueform Group Limited

(Registration number: 1937/009839/06)

The supplementary information presented on page 74 does not form part of the financial statements and is unaudited.

Unaudited shareholders' information

These statements were authorised by the board of directors on 30 September 2021.

Companies Act notice

These financial statements of Rex Trueform Group Limited (registration number: 1937/009839/06) have been audited in terms of the Companies Act 71 of 2008 (as amended) ("the Companies Act") and have been prepared under the supervision of the group financial director, D Franklin CA (SA).

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of Rex Trueform Group Limited, which comprises the statements of financial position at 30 June 2021 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. Furthermore, the directors are responsible for implementing controls and security to maintain the integrity of the company's website.

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 Rex Trueform Group Limited, as identified in the first paragraph, were approved by the board of directors on 30 September 2021 and signed by:

MA Golding
Chairman
Authorised director
30 September 2021

CL Lloyd
Chief executive officer
Authorised director

CEO and CFO Responsibility Statement

The CEO and CFO hereby confirm that:

The annual financial statements set out on pages 14 to 73 fairly present in all material respects the financial position, financial performance and cash flows of Rex Trueform Group Limited in terms of IFRS. No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading. Internal financial controls have been put in place to ensure that material information relating to the Rex Trueform Group Limited and its consolidated subsidiaries have been provided to effectively prepare the consolidated financial statements of Rex Trueform Group Limited. The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.

CL Lloyd

Chief executive officer
Authorised director
30 September 2021

D Franklin

Chief financial officer
Authorised director

Company secretary's certificate

I certify that Rex Trueform Group 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
30 September 2021

DIRECTORS' REPORT

Nature of business

Rex Trueform Group Limited is an investment holding company incorporated in South Africa and listed on the Johannesburg Stock Exchange Limited ("JSE") in the "apparel retailers" sector. The company has investments in fashion retail, property and water infrastructure. The company and its subsidiaries are collectively referred to as "the group". Subsidiaries held directly are presented in note 9 of the annual financial statements.

The retail segment consists of the retail sales of ladies' and men's clothing, shoes, costume jewellery, related fashion accessories and cosmetics through Queenspark branded outlets located in South Africa and Namibia. Namibia operations ceased in December 2020 and has been accordingly disclosed as discontinued operations in the annual financial statements. There were a total of 79 (2021: 83) stores in operation as at 30 June 2021 with net of 4 stores closed during the financial year. Queenspark successfully launched its online sales platform in June 2020.

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.

Water infrastructure investments are held via the group's investment in Ombrecorp Trading (RF) Proprietary Limited and SA Water Works Holding Company (RF) Proprietary Limited and its subsidiaries. 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.

Share capital

The share capital of the company, both authorised and issued, is set out in note 17 to the financial statements.

Dividends

Details of dividends paid during the year are as follows:

	2021 R'000	2020 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 2020	**8**	8
Half-year ended 30 June 2021	**9**	9
	17	17

The directors have not proposed a dividend per share (2020: R nil) in respect of the ordinary and "N" ordinary shares.

Solvency and liquidity test

The directors have performed the required solvency and liquidity tests required by the Companies Act of South Africa.

Holding company

The company's holding company is African and Overseas Enterprises Limited ("African and Overseas") who holds a 71.98% (2020: 71.98%) voting interest and a 54.35% (2020: 54.35%) economic interest in the company. The company's ultimate holding company is Geomer Investments Proprietary Limited.

Investments

Full details of the company's investments are set out in notes 9, 10 and 11 to the financial statements.

Special Resolutions

At the annual general meeting of Rex Trueform Group Limited held on 22 January 2021 the shareholders approved the following special resolutions as tabled in the notice to the annual general meeting:

- Special resolution 1: Financial assistance
- Special resolution 2: General authority to acquire shares
- Special resolution 3: Approval of non-executive directors' fees
- Special resolution 4: Allotment and issue of shares to directors and prescribed officers

Corporate governance

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

Board committees

The reports of the various board committees are included in the Integrated Annual Report.

Auditors

Subject to shareholder approval at the annual general meeting, PricewaterhouseCoopers Incorporated will continue in office in accordance with Section 90(1) of the Companies Act.

Directors and company secretary

The names of and detail of emoluments paid to the executive and non-executive directors of the company are reflected in note 31 the annual financial statements. The Company Secretary is AR Mushabe.

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

Director	Event	Date
PM Naylor	Retired by rotation	22 January 2021
	Re-elected	22 January 2021
LK Sebatane	Retired by rotation	22 January 2021
	Re-elected	22 January 2021
MA Golding	Retired by rotation	22 January 2021
	Re-elected	22 January 2021

There were no other changes to the composition of the board of directors during the year.

LK Sebatane, MR Molosiwa and HB Roberts will retire at the 2021 annual general meeting in accordance with the company's Memorandum of Incorporation but, being eligible, will offer themselves for re-election.

Directors' interest in shares

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

Director	Direct holding	Indirect holding	Effective interest held indirectly via African and Overseas	Total
2021				
MA Golding	–	2 214 747	4 262 863	6 477 610
HB Roberts	–	4 261 561	5 824 792	10 086 353
CL Lloyd	92 368	–	52 109	144 477
D Franklin	44 334	–	–	44 334
Total	**136 702**	**6 476 308**	**10 139 764**	**16 752 774**
2020				
MA Golding	–	2 214 747	4 262 863	6 477 610
HB Roberts	–	4 261 561	5 824 792	10 086 353
CL Lloyd	73 896	–	41 689	115 585
D Franklin	22 167	–	–	22 167
Total	**96 063**	**6 476 308**	**10 129 344**	**16 701 715**

There have been no changes in the directors' interests in shares between 30 June 2021 and the date of approval of the annual financial statements of the company.

Employee share incentive scheme

Full details of share awards and options granted and exercised are reflected in note 32 to the financial statements.

Litigation statement

There are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors are aware) which may have or have had, during the 12-month period preceding the last practicable date, a material effect on the financial position of the group.

Events subsequent to the reporting date

Civil unrest which took place in KwaZulu-Natal and in parts of Gauteng in July 2021 resulted in all the stores in KwaZulu-Natal and a few stores in Gauteng closing over the days of the civil unrest. Two stores in KwaZulu-Natal were damaged in the unrest and the loss of fixed assets and inventory at the two stores and the theft of equipment at a third party location are estimated to be R0.7m. The group is covered by SASRIA insurance cover for damage to fixed assets and stock loss. The accounting for the losses may take place in a reporting period which is different to that in which the insurance recovery is recorded.

In July 2021, Transnet, the port operating company in South Africa, announced that its computer systems were hacked causing major disruptions to all of its port operations. The situation was subsequently remedied with no material impact on the group or its results.

In November 2020, the group together with its holding company, African and Overseas Enterprises Limited, entered into a sale of shares agreement subject to certain suspensive conditions, to acquire 75% of Telemedia Proprietary Limited for a consideration of R67.5m to be settled in cash and shares, with the group acquiring a 63.71% stake or a consideration of R57.5m. The last outstanding suspensive condition was the written consent from the Independent Communications Authority of South Africa ("ICASA"). Also refer to SENS issued on 13 November 2020, 10 May 2021, 18 June 2021 and 28 August 2021.

During the month of September 2021 the group purchased an additional 2 712 989 shares in Texton Property Fund Limited ("Texton") for a total consideration of R9.3m. Texton is a Real Estate Investment Trust ("REIT") listed on the JSE Limited and the shares were purchased in the open market.

There is no other matter or circumstance which is material to the financial affairs of the company, which has occurred between 30 June 2021 and the date of approval of the financial statements, that has not been otherwise dealt with in the financial statements.

Going concern

Retail segment turnover was severely impacted in the second half of the prior financial year when clothing sales were prohibited under Level 5 lockdown and later subject to restrictions under Level 4. The country has been through varying levels of lockdown restrictions during the current financial year, none of which restricted clothing sales, and is currently under adjusted Level 2. Turnover has not yet fully recovered to pre COVID-19 levels. With regard to lease commitments, management has continued to seek rental relief on arrears as well as the renegotiation of current leases with landlords. Short term rental relief received during the year under review amounted to R29.2m (2020: R1.4m) and was recognised in profit and loss in terms of the amendment to IFRS 16. Leases that were favourably renewed or terminated during the year further resulted in gains on lease modifications amounting to R27.0m (2020: R1.4m) recognised in the current financial year. The full R27.0m has been recognised in the Statement of Comprehensive income as the related right-of-use assets were fully impaired. Right-of-use lease assets relating to loss-making and low-profitability stores amounting to R3.3m (2020: R75.5m) were impaired during the financial year.

COVID-19 and the ongoing lockdown restrictions is having a negative impact on the property sector, particularly in the retail and office segments in which the group operates. Rental relief amounting to R0.5m (2020: R0.9m) was granted during the financial year. Vacancies increased to 9.4% (2020: 1.1%) as at 30 June 2021. No significant unforeseen expenses were incurred relating to COVID-19 compliance.

With the provision of water and sanitation being an essential service the operations of the group's water infrastructure investment could continue operating despite restrictions imposed the various lockdown levels. Measures taken to mitigate the impact of COVID-19 include improved health and safety measures, cost-cutting, management of cash flow and securing the supply of materials essential to deliver services.

Despite the impact of COVID-19 on operations, the group is sufficiently capitalised and has sufficient cash resources to settle debts as they fall due. Cash and cash equivalents held by the group as at 30 June 2021 amounted to R110.6m (2020: R72.4m).

The financial statements have been prepared on the going concern basis. 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 directors are satisfied 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.

AUDIT COMMITTEE REPORT

Audit committee report

The Audit Committee ("the committee") is pleased to present its report to the shareholders of Rex Trueform Group Limited for the financial year ended 30 June 2021.

Introduction

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

Audit committee mandate

The audit committee also performs the audit committee functions for its subsidiary companies, Queenspark Proprietary Limited, Ombrecorp Trading (RF) Proprietary Limited and Queenspark Distribution Centre Proprietary Limited (the company and its subsidiaries, collectively hereinafter referred to as "the group").

The committee is governed by formal terms of reference that are reviewed regularly, delegated to it by the board of directors, which regulates the committee's functioning, processes and procedures. The committee fulfilled its responsibilities in accordance with its terms of reference during the 2021 financial year.

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 the group's interim and final results (in addition to reviewing the reports of the external auditors and the group's risk committees).

The committee meetings were attended by the external auditors, the chairman of the board, the executive directors and the financial managers of the group by invitation. Each committee meeting is preceded by meeting dates and topics agreed well in advance each year and by the distribution of an Audit Committee pack to each attendee, comprising 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.
- 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 PricewaterhouseCoopers Inc. ("PwC") as the group's external registered auditor for the year under review and further approved the terms of engagement and fees to be paid. PwC was duly appointed as the group's external auditor in respect of the year under review with the designated registered auditor being R Jacobs.

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

The committee has nominated PwC for appointment by shareholders as the company's external auditor, at the 2021 annual general meeting with R Jacobs as the designated registered auditor for the 2022 financial year, the committee having satisfied itself (as required by the JSE Listings Requirements):

- that the audit firm is accredited by the JSE; and
- that 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).

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

The nature and extent of the non-audit services that the external auditor provides to the company and group have been agreed by the committee, being rental turnover assurance-related non-audit services, and the external auditor is only permitted to provide such pre-agreed non-audit services to the group. Any proposed agreement with the external auditor for the provision of non-audit services is pre-approved by the committee.

Internal audit

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 finance function being present).

In this regard, the committee is of the view that D Franklin, 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 group'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 processes 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 2021, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act as well as International Financial Reporting Standards and fairly present the group and the company's financial position at that date and the results of operations and cash flows for the year then ended.

Integrated annual report

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

Conclusions

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Having achieved its objectives, the committee has recommended the annual financial statements and will recommend the integrated annual report for the year ended 30 June 2021 for approval by the board.

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

On behalf of the committee

PM Naylor
Audit Committee Chairman
30 September 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rex Trueform Group Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Rex Trueform Group Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2021, and its consolidated and separate financial performance and its 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.

What we have audited

Rex Trueform Group Limited's consolidated and separate financial statements set out on pages 14 to 73 comprise:

- the consolidated and separate statements of financial position as at 30 June 2021;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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.

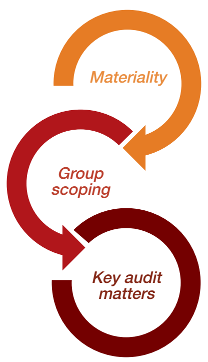
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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).*

Our audit approach

Overview

<table>
<tr><td rowspan="3">
</td><td>Overall group materiality
• Overall group materiality: R4.9 million, which represents 1% of consolidated revenue from continued operations.</td></tr>
<tr><td>Group audit scope
The Group consists of seven components. We performed full scope audits at three components, and audits of specific financial statement line items at one component. On the remaining components, which were not significant individually and in aggregate, we performed analytical procedures at group level to confirm our risk assessment.</td></tr>
<tr><td>Key audit matters
• IFRS 16 – Recognition and Measurement of Leases
• Net realisable value of inventory assessment</td></tr>
</table>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R4.9 million
How we determined it	1% of consolidated revenue from continued operations
Rationale for the materiality benchmark applied	We chose consolidated revenue from continued operations as the benchmark because, in our view, it is the benchmark against which the performance of the Group is commonly measured when profit before taxation is volatile. Consolidated revenue is also reflective of the Group's intentions to grow revenue over time in the retail and non-retail segments. We chose 1% based on our professional judgement, after consideration of the range of qualitative materiality thresholds that we would typically apply when using revenue to calculate materiality.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group manages a diverse portfolio which includes retail, investment property and water concessions, all located in Southern Africa.

Our scoping assessment included consideration of the financial significance of the components as well as the sufficiency of work planned to be performed over material financial statement line items. We identified only one financially significant component based on its contribution to the consolidated revenue from continued operations in the Group, namely Queenspark Proprietary Limited. We included Rex Trueform Limited (company), Ombrecorp Trading (RF) Proprietary Limited and Queenspark Distribution Centre Proprietary Limited in the scope of our group audit, based on indicators such as their contribution to consolidated total assets. We have also included African and Overseas Enterprises Limited (company), for its contribution to consolidated Equity. We performed analytical procedures over the remaining insignificant components.

As all in scope entities are managed from Cape Town we did not require the use of any component auditors.

For the financially significant component we performed a full scope audit and for the other in scope components we performed a combination of full scope audits and audits of specific financial statement line items. This, together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, gave us sufficient appropriate audit evidence to form an opinion on the consolidated financial statements as a whole.

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.

The following key audit matters relate to the consolidated financial statements. We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report, as the separates do not contain any leases or inventory.

Key audit matter	*How our audit addressed the key audit matter*
IFRS 16 – Recognition and Measurement of Leases **(Refer to notes 2, 4, 8, 23 and 41 to the financial statements)**	
The Group leases the premises of all of its stores. Leases are recognised as a lease liability and a corresponding right-of-use ('ROU') asset at the date of commencement of the lease agreement in terms of International Financial Reporting Standard 16 – Leases ('IFRS 16'). On initial recognition, the ROU asset and lease liability is measured at the present value of the future lease payments discounted over the lease term using the group's incremental borrowing rate. The lease term may include future lease periods for which the group has extension options which it is reasonably certain to exercise. As at 30 June 2021, the Group's right-of-use assets were measured at R182.7 million and its lease liabilities were measured at R260.9 million. We considered this matter to be of most significance to our current year audit due to the following: • The degree of judgement and estimation applied by management in determining the lease term used to determine the initial recognition of the ROU asset and lease liability as well as the subsequent measurement of the lease liability. The lease term may include future lease periods for which the group has extension options which it is reasonably certain to exercise; • The magnitude of the ROU asset and lease liability due to the high volume of leases; and • The potential risk of the lease data used in the calculation being incomplete or inaccurate.	We obtained an understanding of the Group's processes and policies relating to the recognition and measurement of IFRS 16 ROU assets and lease liabilities. For all of the new leases and modifications recognised in 2021 we verified the accuracy of the underlying lease data by agreeing it to original contract or other underlying information, and checked the integrity and mathematical accuracy of the IFRS 16 calculations for each lease through recalculation of the expected IFRS 16 adjustment. No material exceptions noted. We tested the accuracy of a sample of the lease data by comparing the lease data underpinning the IFRS 16 model to rental payments made during the period. No material exceptions noted. We tested the completeness of the lease liability recognised by comparing the number of operating stores for the year to the lease data underpinning the IFRS 16 model. No exceptions noted. We evaluated the lease terms for reasonability, including the renewal periods, where appropriate, by inspecting the underlying contracts and assessing management's judgements for the lease periods applied in the lease calculation. Based on our work performed, we accepted management's assumptions. We evaluated the appropriateness of the incremental borrowing rate with reference to market related borrowing rates prevalent in the country. We did not identify material differences. We assessed the accuracy and completeness of the restoration provision recognised based on the executed lease contracts with reference to historical actual costs incurred discounted at the incremental borrowing rate. In this regard, we did not note any aspects requiring further consideration. We assessed the mathematical accuracy of the IFRS 16 calculations for the entire population by performing an independent recalculation of the expected IFRS 16 adjustment.

Key audit matter	*How our audit addressed the key audit matter*
Net realisable value of inventory assessment *(Refer to notes 2 and 14 to the financial statements)*	
Inventory on hand at year-end is one of the Group's most significant assets amounting to R81 million. The Group measures inventory at the lower of cost or net realisable value. The allowance for markdown and obsolete inventory of R10.1 million takes into account historic sales information, seasonality of inventory and customer preferences. The valuation of inventory was determined to be a key audit matter in the audit of the Group as a result of: • South Africa's economy has, in addition to Covid-19, faced various disrupting factors over the last 18 months. This has resulted in a decline in disposable income, with a ripple effect experienced in the retail sector. This may result in a greater scale of markdown and slow moving/obsolete inventory than before; • the complex nature of the calculations; • the level of judgement applied by management in determining the valuation; and • the significance of the balance.	We utilised our information technology expertise in obtaining sufficient and appropriate audit evidence in relation to the valuation of inventory. Our procedures included, amongst others: • We obtained an understanding of the Group's processes and policies relating to the allowance for markdown and obsolete inventory. Based on our understanding of the entity, we have accepted management's process and policy. • Assessed the mathematical accuracy of management's calculation to the accounting records. No exception noted. • Assessed the accuracy and completeness of the underlying cost of inventory in the system through the testing of relevant automated and manual controls in the procurement process. • Tested the accuracy of the inventory report used in the net realisable value calculation by agreeing it to the trial balance without exception. • Inspected historical sales information, per season, from the sales reports (including markdown trends). This information was used to reperform the calculation based on management's policy. • Compared our independent calculation to management's calculation. No material inconsistencies were noted.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*Rex Trueform Group Limited Annual financial statements for the year ended 30 June 2021*", which includes the Directors' Report, the Audit Committee's 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 auditor's report, and the other sections of the document titled "*2021 Integrated Annual Report*", which is expected to be made available to us after that date. The other information does not include the consolidated or the 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 and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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 the 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 the 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 the 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's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 PricewaterhouseCoopers Inc. has been the auditor of Rex Trueform Group Limited for one year.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: **RJ Jacobs**
Registered Auditor
Cape Town, South Africa
30 September 2021

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2021

	Note	GROUP 2021 R'000	GROUP 2020 R'000 Restated *	COMPANY 2021 R'000	COMPANY 2020 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**43 284**	58 517	**233**	198
Investment property	6	**60 829**	63 242	**60 829**	63 242
Intangible assets	7	**14 924**	18 530	**–**	–
Right-of-use asset *	8	**182 749**	231 967	**–**	–
Net interest in subsidiary companies	9	**–**	–	**66 130**	60 396
Investment in associate	10	**170 081**	153 386	**–**	–
Other investments	11	**1 900**	814	**1 900**	814
Loans receivable	12	**4 581**	2 748	**4 581**	2 748
Deferred tax asset *	13	**32 667**	36 025	**–**	–
		511 015	565 229	**133 673**	127 398
Current assets					
Inventories	14	**81 237**	111 680	**–**	–
Current amounts receivable from subsidiary companies	9	**–**	–	**365**	23 406
Loan to associate	10	**–**	15 166	**–**	–
Trade and other receivables	15	**19 336**	11 024	**406**	701
Income tax receivable		**211**	5 670	**38**	43
Accrued operating lease asset		**819**	809	**819**	809
Cash and cash equivalents	16	**110 564**	72 410	**53 215**	26 512
		212 167	216 759	**54 843**	51 471
Total assets		**723 182**	781 988	**188 516**	178 869
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	17	**5 339**	5 339	**5 339**	5 339
Preference share capital	18	**280**	280	**280**	280
Treasury shares	19	**(714)**	(117)	**-**	-
Share premium	20	**25 836**	25 836	**25 836**	25 836
Share-based payments reserve	21	**6 340**	6 632	**1 437**	1 671
Other reserves	22	**2 708**	2 074	**2 708**	2 074
Retained earnings *		**226 515**	202 670	**132 747**	122 393
Equity attributable to equity holders		**266 304**	242 714	**168 347**	157 593
Non-controlling interest		**10 891**	9 881	**-**	-
Total equity		**277 195**	252 595	**168 347**	157 593
Non-current liabilities					
Lease liability *	23	**204 210**	285 381	**–**	–
Post-retirement liability	24	**221**	425	**221**	425
Provisions *	26	**3 078**	3 254	**–**	–
Loan payable	12	**82 067**	74 762	**–**	–
Deferred tax liability	13	**12 317**	12 309	**12 317**	12 309
		301 893	376 131	**12 538**	12 734
Current liabilities					
Lease liability	23	**56 719**	60 868	**–**	–
Trade and other payables	25	**85 036**	83 216	**7 631**	8 385
Provisions *	26	**2 165**	1 753	**–**	–
Loan payable	12	**–**	7 425	**–**	–
Forward exchange contracts		**174**	–	**–**	–
Net interest in subsidiary companies	9	**–**	–	**–**	157
		144 094	153 262	**7 631**	8 542
TOTAL EQUITY AND LIABILITIES		**723 182**	**781 988**	**188 516**	**178 869**

* Prior year figures restated. Refer to note 4.

STATEMENTS OF
COMPREHENSIVE INCOME

for the year ended 30 June 2021

	Note	GROUP 2021 R'000	GROUP 2020 R'000 Restated*	COMPANY 2021 R'000	COMPANY 2020 R'000 Restated*
CONTINUING OPERATIONS					
Revenue * ^	29	**491 427**	592 480	**30 772**	32 961
Retail sales ^	29	**464 961**	565 765	**–**	–
Cost of sales * ^		**(222 421)**	(291 728)	**–**	–
Gross profit		**242 540**	274 037	**–**	–
Other revenue *	29	**26 466**	26 715	**30 772**	32 961
Other operating costs * ^	30	**(218 928)**	(374 592)	**(24 692)**	(22 897)
Operating profit / (loss)		**50 078**	(73 840)	**6 080**	10 064
Investment income	33	**20 749**	22 931	**7 832**	9 683
Finance costs ^	34	**(37 259)**	(44 737)	**(195)**	(42)
Share of loss of associate	10	**(939)**	(4 473)	**-**	-
Profit / (loss) before tax		**32 629**	(100 119)	**13 717**	19 705
Income tax *	35	**(9 083)**	26 613	**(3 959)**	(4 272)
Profit / (loss) for the year from continuing operations		**23 546**	(73 506)	**9 758**	15 433
DISCONTINUED OPERATIONS ^					
Profit / (loss) for the year from discontinued operations	36	**559**	(2 621)	**–**	–
Profit / (loss) for the year		**24 105**	(76 127)	**9 758**	15 433
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Gain on post-retirement defined benefit plan		**103**	–	**103**	–
Items that are or may be subsequently reclassified to profit or loss					
Fair value adjustment on assets held at fair value through other comprehensive income		**531**	45	**531**	45
Other comprehensive income for the year, net of taxation		**634**	45	**634**	45
Total comprehensive income for the year		**24 739**	(76 082)	**10 392**	15 478
Profit / (loss) attributable to:					
Equity holders		**23 095**	(75 264)	**9 758**	15 433
Continuing operations		**22 536**	(72 643)	**9 758**	15 433
Discontinued operations		**559**	(2 621)	**–**	–
Non-controlling interest		**1 010**	(863)	**–**	–
Profit / (loss) for the year		**24 105**	(76 127)	**9 758**	15 433
Total comprehensive income attributable to:					
Equity holders		**23 729**	(75 219)	**10 392**	15 478
Non-controlling interest		**1 010**	(863)	**–**	–
Total comprehensive income for the year		**24 739**	(76 082)	**10 392**	15 478
Basic earnings per ordinary share (cents)	37.1	**110.9**	(362.7)		
Continuing operations		**108.3**	(350.1)		
Discontinued operations		**2.6**	(12.6)		
Diluted earnings per ordinary share (cents)	37.2	**110.6**	(360.2)		
Continuing operations		**107.9**	(347.7)		
Discontinued operations		**2.7**	(12.5)		

* Prior year figures restated. Refer to note 4.
^ Prior year figures reclassified due to discontinued operation

STATEMENTS OF
CHANGES IN EQUITY

for the year ended 30 June 2021

	Ordinary share capital R' 000	Preference share capital R' 000	Treasury shares R' 000
GROUP			
Balance as at 1 July 2019	3 881	280	(117)
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	1 458	–	–
Preference dividends paid	–	–	–
Equity-settled share-based payment	–	–	–
Other retained income of associate	–	–	–
Total contributions by and distributions to owners recognised directly in equity	1 458	–	–
Balance as at 30 June 2020	**5 339**	**280**	**(117)**
Total comprehensive income for the year			
Profit for the year	–	–	–
Other comprehensive income for the year			
Gains on post-retirement defined benefit plan	–	–	–
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			
Preference dividends paid	–	–	–
Equity-settled share-based payment	–	–	–
Treasury shares purchased	–	–	(1 419)
Delivery of treasury shares	–	–	822
Total contributions by and distributions to owners recognised directly in equity	–	–	(597)
Balance as at 30 June 2021	**5 339**	**280**	**(714)**
Notes	**17**	**18**	**19**

* Prior year figures restated. Refer to note 4.

Share premium R' 000	Share–based payments reserve R' 000	Other reserves R' 000	Retained earnings R' 000 Restated *	Attributable to equity shareholders R' 000 Restated *	Non – controlling interest R' 000	Total R' 000 Restated *
25 836	5 319	2 029	275 192	312 420	8 464	320 884
–	–	–	(75 264)	(75 264)	(863)	(76 127)
–	–	45	–	45	–	45
–	–	45	(75 264)	(75 219)	(863)	(76 082)
–	–	–	–	1 458	–	1 458
–	–	–	(17)	(17)	–	(17)
–	1 313	–	289	1 602	–	1 602
–	–	–	2 470	2 470	2 280	4 750
–	1 313	–	2 742	5 513	2 280	7 793
25 836	**6 632**	**2 074**	**202 670**	**242 714**	**9 881**	**252 595**
–	**–**	**–**	**23 095**	**23 095**	**1 010**	**24 105**
–	**–**	**103**	**–**	**103**	**–**	**103**
–	**–**	**531**	**–**	**531**	**–**	**531**
–	**–**	**634**	**23 095**	**23 729**	**1 010**	**24 739**
–	**–**	**–**	**(17)**	**(17)**	**–**	**(17)**
–	**530**	**–**	**767**	**1 297**	**–**	**1 297**
–	**–**	**–**	**–**	**(1 419)**	**–**	**(1 419)**
–	**(822)**	**–**	**–**	**–**	**–**	**–**
–	**(292)**	**–**	**750**	**(139)**	**–**	**(139)**
25 836	**6 340**	**2 708**	**226 515**	**266 304**	**10 891**	**277 195**
20	**21**	**22**				

	Ordinary share capital R' 000	Preference share capital R' 000	Treasury shares R' 000
COMPANY			
Balance as at 1 July 2019	3 881	280	–
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	1 458	–	–
Preference dividends paid	–	–	–
Equity-settled share-based payment	–	–	–
Total contributions by and distributions to owners recognised directly in equity	1 458	–	–
Balance as at 30 June 2020	**5 339**	**280**	**–**
Total comprehensive income for the year			
Profit for the year	–	–	–
Other comprehensive income for the year			
Gain on post-retirement defined benefit plan	–	–	–
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			
Preference dividends paid	–	–	–
Equity-settled share-based payment	–	–	–
Total contributions by and distributions to owners recognised directly in equity	–	–	–
Balance as at 30 June 2021	**5 339**	**280**	**–**
Notes	17	18	19

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
25 836	619	2 029	106 767	139 412	–	139 412
–	–	–	15 433	15 433	–	15 433
–	–	45	–	45	–	45
–	–	45	15 433	15 478	–	15 478
–	–	–	–	1 458	–	1 458
–	–	–	(17)	(17)	–	(17)
–	1 052	–	210	1 262	–	1 262
–	1 052	–	193	2 703	–	2 703
25 836	**1 671**	**2 074**	**122 393**	**157 593**	**–**	**157 593**
–	**–**	**–**	**9 758**	**9 758**	**–**	**9 758**
–	**–**	**103**	**–**	**103**	**–**	**103**
–	**–**	**531**	**–**	**531**	**–**	**531**
–	**–**	**634**	**9 758**	**10 392**	**–**	**10 392**
–	**–**	**–**	**(17)**	**(17)**	**–**	**(17)**
–	**(234)**	**–**	**613**	**379**	**–**	**379**
–	**(234)**	**–**	**596**	**362**	**–**	**362**
25 836	**1 437**	**2 708**	**132 747**	**168 347**	**–**	**168 347**
20	21	22				

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2021

	Note	GROUP 2021 R'000	GROUP 2020 R'000 Restated *	COMPANY 2021 R'000	COMPANY 2020 R'000 Restated *
Cash flows from operating activities					
Operating profit before working capital changes	39.1	**95 507**	115 815	**9 467**	12 080
Working capital changes *	39.2	**37 020**	16 027	**686**	323
Cash generated by operating activities		**132 527**	131 842	**10 153**	12 403
Investment income received	39.3	**18 495**	7 658	**8 262**	4 670
Interest paid	39.4	**(37 290)**	(38 069)	**–**	(42)
Dividends paid	39.5	**(17)**	(17)	**(17)**	(17)
Dividends received	39.6	**38**	29	**4**	3 029
Taxation paid	39.7	**(412)**	(8 719)	**(4 099)**	(650)
Net cash inflows from operating activities		**113 341**	92 724	**14 303**	19 393
Cash flows from investing activities					
Additions to property, plant and equipment		**(4 167)**	(15 769)	**(72)**	(21)
Additions to investment properties		**(30)**	(346)	**(30)**	(346)
Additions to intangible assets		**(369)**	(1 379)	**–**	–
Proceeds from disposal of property, plant and equipment		**–**	10	**–**	–
Loans advanced *	39.8	**(1 626)**	(1 760)	**(2 576)**	(825)
Loans repaid *	39.9	**–**	935	**15 480**	3 032
Investment in associate		**(421)**	–	**–**	–
Other investments		**(402)**	–	**(402)**	–
Net cash (outflows) / inflows from investing activities		**(7 015)**	(18 309)	**12 400**	1 840
Cash flows from financing activities					
Lease liabilities repaid		**(66 753)**	(57 495)	**–**	–
Share repurchased by subsidiary		**(1 419)**	–	**–**	–
Net cash outflows from financing activities		**(68 172)**	(57 495)	**–**	–
Net increase in cash and cash equivalents		**38 154**	16 920	**26 703**	21 233
Cash and cash equivalents at the beginning of the year		**72 410**	55 490	**26 512**	5 279
Cash and cash equivalents at the end of the year	16	**110 564**	72 410	**53 215**	26 512

* Prior year figures restated. Refer to note 4.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

Reporting entity

Rex Trueform Group Limited (the "company") is a company domiciled in South Africa (company registration number: 1937/009839/06). The financial statements for the year ended 30 June 2021 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 30 September 2021.

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 Amendments, 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 were not applicable to the group.

Standard/Interpretation	Effective date Years beginning on or after
PM Conceptual Framework for Financial Reporting	1 January 2020
IFRS 3 Definition of a Business - amendments	1 January 2020
IAS 1 & IAS 8 Definition of Material - amendments	1 January 2020

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:

2. Accounting policies (continued)

Leases

Lease terms applicable to lease agreements, relating to the group's lease liabilities, are negotiated on an individual basis and contain a wide range of different terms and conditions. The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Management exercises judgement in determining the likelihood of exercising termination or extension options in determining the lease term including considerations of the age of the lease, the nature of the leased asset and the expected return on the underlying cash-generating unit to which the leased asset belongs.

Subsequent to the commencement date of lease agreements, lease terms are reassessed when there is objective evidence that new lease terms have been agreed between the parties. Management exercises judgement in the determining the effective date of such lease modifications including referencing signature dates, correspondence and actual billings.

Incremental borrowing rates applied in the measurement of lease liabilities are based on a series of inputs including the prime lending rate, the lessee's credit risk and an adjustment for whether a lease is located in an urban, town or township area.

Inventory valuation

Inventory is valued 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. Management exercises significant judgement when estimating the future selling prices of inventory where the group has ownership of such inventory. The estimation takes into account historic sales information, seasonality of inventory, customer preferences, gross profit margins and represents the expected mark down between the original cost and the estimated net realisable value. Refer to note 14.

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 8 to the separate financial statements.

Loan to associate at fair value through profit or loss

The group provided a loan to an associate, which has been classified as an equity instrument at fair value through profit or loss in terms of IFRS 9. The loan has been included as part of the net investment in associate. Management exercises judgement when assessing whether the loan meets the criteria for measurement at fair value through profit or loss at initial recognition.

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

Rex Trueform Share Trust

The Rex Trueform 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 Rex Trueform Share Trust purchases or subscribes for "N" ordinary shares in Rex Trueform 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 or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss. Equity transactions by these entities that cause a dilution in the group's ownership interest are likewise treated as part disposals.

Financial instruments

Financial instruments comprise cash and cash equivalents, trade and other receivables / payables, loans receivable / payable, amounts receivable from / payable to subsidiary loan to associate, 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 time frame 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.

2. Accounting policies (continued)

Classification and measurement

Financial assets

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

On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. 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 whose 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 whose 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 FVOCI as described above are measured at FVTPL. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at fair value through profit or loss

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

Foreign exchange gains or losses between the bill of lading date and settlement of the supplier is recognised in operating expenses. Interest earned whilst holding financial assets at fair value through profit or loss is included in finance income.

Financial assets carried at fair value through profit or loss also comprise of shareholder funding provided to associate. The shareholder funding provided to associate are classified as an equity instrument in terms of IFRS 9. The equity instrument is measured at fair value at initial recognition and each subsequent period.

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

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.

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).12-month ECLs are applicable to loans receivable and current accounts receivable from subsidiary companies. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Refer to note 28.2.

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.

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.

2. Accounting policies (continued)

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 shop fittings	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 that is acquired 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.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. Value-in-use is based on the estimated future cash flows, 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 or CGU.

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 1 vote per share.

Preference share capital

Preference share capital is classified as equity as it is non-redeemable with no earnings per share allocated. Dividends on preference share capital is payable in cash on a bi-annual basis and recognised as distributions within equity.

Treasury shares

Shares in the company held by group entities are classified as treasury shares. These shares are treated as a deduction from the weighted average number of shares in issue and the cost price of the shares is deducted from equity in the statement of changes in equity. The company's shares held by the Rex Trueform Share Trust have been treated as treasury shares. Dividends received on treasury shares are eliminated on consolidation.

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.

2. Accounting policies (continued)

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 employees' services provided to the reporting date. The accruals for short-term employee benefits have been calculated at undiscounted amounts based on current wage and salary rates.

Post-employment benefits

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

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution retirement fund 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 service in the current and prior periods; that benefit is discounted to determine its present value. The projected unit credit method is used to determine the present value of the defined benefit post-retirement medical aid and pension obligations and the related current service cost and, where applicable, past service cost. This calculation is performed by a qualified actuary as and when it is deemed appropriate by management. When the calculation results in a benefit to the group the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the group if it is realisable during the life of the plan or on settlement of the plan liabilities.

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

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 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

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.

Revenue

Revenue from contracts with customers

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

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

Revenue arising from the consignment model is only recognised at the point where the end user pays for the goods.

Lay-by revenue is only recognised when the full purchase price of the goods have been paid.

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

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

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

Retail sales

Retail sales comprises of net income from the sale of merchandise recognised at a point in time, upon delivery of products and customer acceptance. 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.

Tenant recoveries

Tenant recoveries are recognised as they are earned in line with the contractual rights in the leases and represents the recovery of costs by the group for the provision of services as stipulated in the lease agreements. The group acts as a principal on its own account when delivering services to tenants over a period of time.

Management fee income

Management fee income is derived from the provision of management and administration services. Revenue is recognised in the month in which the service is performed.

Revenue from lease agreements – IFRS 16

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease taking into account fixed escalation clauses.

Revenue other than contracts with customers

Dividend income

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

Investment income

Finance income

Finance income is recognised in profit or loss as it accrues, using the effective interest method and is not classified as revenue.

Accrued dividends on loan to associate

Accrued dividends on loan to associate is calculated in terms of the shareholder agreement with associate and is recognised in profit or loss as it accrues.

Expenses

Cost of sales

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

Finance cost

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

2. Accounting policies (continued)

Leases

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 company uses the definition of a lease in IFRS 16.

As a lessor

The group leases out its investment property. Where a significant portion the property is considered owner occupied, the property will be reclassified to Property, Plant and Equipment. The group has classified these leases as operating leases.

As a lessee

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

Right-of-use asset

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.

Lease liabilities

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;
- Amounts expected to be payable under a residual value guarantee; and
- Lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option.

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms with percentages ranging from 5% to 12% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Lease modification

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 monthly rental payments, 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.

COVID-19-related rent concessions

In the prior year the group, as lessee, has early adopted COVID-19-Related Rent Concessions (amendment to IFRS 16) issued by the International Accounting Standards Board. This amendment became effective for annual reporting periods beginning on or after 1 June 2020 with earlier application permitted.

The group has elected to utilise the practical expedient provided for in the amendment for all rent concessions that meet the criteria. The criteria are as follows:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

If the above criteria are met, the group does not consider individual lease contracts to determine whether rent concessions received as a direct consequence of the COVID-19 pandemic are lease modifications and the group accounts for such rent concessions as if they were not lease modifications. The result is that such rent concessions received are not being treated as lease modifications but rather as a credit to the income statement where it meets the above criteria.

Where the group has granted COVID-19 rental relief as lessor the reduced rental is recognised as a reduction in income as per IFRS 15.

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

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

Dividends withholding tax

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

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

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.

2. Accounting policies (continued)

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, which includes ordinary and "N" ordinary share. Preference shares are excluded from the calculation of EPS. 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 1/2021, issued by SAICA as required by the JSE Listings Requirements, using the same number of shares as the EPS and diluted EPS calculations.

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 2021 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 not yet effective	Effective date years beginning	Impact
IFRS 16 COVID-19 - Related Rent Concessions beyond 30 June 2021 (amendment to IFRS 16)	1 April 2021	Low
IAS 16 Property, Plant and Equipment - amendments	1 January 2022	Low
Reference to the Conceptual Framework - Amendments to IFRS 3	1 January 2022	Low
Classification of Liabilities as Current or Non-current - amendments	1 January 2023	Low
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)	1 January 2021	Low
Annual improvements cycle 2018 -2020	1 January 2022	Low

4. Prior period restatement

During the financial year under review material errors were identified relating to the application of IFRS 16 in the prior year and IFRS 16 was adopted for the first time in the prior year therefore the restatements of the errors are limited to the comparative period. The impact of the restatements is detailed below.

In an effort to improve the quality and transparency of the group's financial reporting, management has considered it necessary to reclassify certain items in the statement of financial position, statements of comprehensive income and statement of cash flows. The reclassification of these items resulted in a restatement of the prior year disclosure as detailed below.

4.1 Restatement – Recognition of right-of-use asset and lease liability

Management enhanced its system of internal controls surrounding the accuracy of the recording of IFRS 16 lease liabilities during the year under review. During the implementation of the controls certain material errors in the calculation and timing were discovered pertaining to the previous financial year and which accordingly required a restatement of the prior year. The impact of this adjustment on the prior year is that the right-of-use asset decreased by R5 743 957 with a corresponding decrease in the lease liability.

4.2 Restatement – Recognition of right-of-use asset and provision for occupancy commitments

During the current year, a material error was identified that the right-of-use asset did not include an estimate of reinstatement cost where the lease specifically provided for this. The effect of the correction is that the right-of-use asset increased by R3 756 835 with a corresponding increase in long and short term provisions of R3 253 977 and R500 858 respectively, reflecting the initial recording of the reinstatement obligation. The related depreciation and impairment charges amounted to R1 534 368 and together with the related taxation impact, were also adjusted in the prior year.

4.3 Restatement – Interest income not considered revenue

Finance income was historically disclosed as revenue, this was however a misapplication error of IAS 1 and IFRS 15. The prior year disclosure was restated to exclude finance income from revenue as this does not form part of the main operations of the group nor does it result from contracts with customers in terms of IFRS 15. The impact of the correction is that revenue as disclosed by the group decreased by R22 931 139 in the prior year and revenue disclosed by the company decreased by R9 683 215.

4.4 Restatement – Tenant recoveries considered revenue

Tenant recoveries was historically offset against other operating costs and not disclosed as revenue. This was a misapplication error of IFRS 15 as the group acts as principal on its own account and recovers operating costs from tenants in terms of the lease agreement. The group acts as a principal on its own account when delivering services to tenants over a period of time. The impact of the correction is that revenue as disclosed by the group increased by R4 147 772 in the prior year and revenue disclosed by the company increased by R4 698 722, with a corresponding decrease in other operating costs.

4.5 Reclassification - Realised and unrealised foreign exchange gains and losses not considered cost of sales

Foreign exchange gains and losses were historically included as a component of cost of sales. On further consideration management is now of the view that foreign exchange gains and losses were erroneously included in the cost of inventory and therefore cost of sales. In terms of IAS 2 the amounts have accordingly been reclassified to other operating cost. The impact of the adjustment is that cost of sales decreased by R2 992 014 and other operating cost increased by the same amount in the prior year.

4. Prior period restatement (continued)

4.6 Reclassification - Separate disclosure of loans advanced and repaid

Loans advanced and the subsequent repayment were netted off in the cash flows from investing activities, this however was an error in terms of IAS 7. The prior year disclosure was restated to separately disclose the loans advanced and the loans repaid. The impact of the correction is that loans advanced as disclosed by the group decreased by R934 676 and loans advanced as disclosed by the company decreased by R116 768 with a corresponding increase in loans repaid.

4.7 Reclassification - Loans advanced to or repaid from subsidiary companies not considered cash flow from operations

Short term loan financing provided to subsidiary company were disclosed as part of working capital and included as cash flows from operating activities in the company disclosure, this however was an error in terms of IAS 7. The prior year disclosure was restated to disclose loans advanced and the subsequent repayments as cash flows from investing activities. The impact of the correction is that changes in working capital included cash flow from operating activities as disclosed by the company decreased by R2 914 584 with the corresponding increase in loans repaid included in cash flow from investing activities.

4.8 Reclassification - Dividend income to other revenue

Dividend income was historically treated as revenue and disclosed as investment income. The prior period was reclassified to include the dividend income as part of other revenue. The effect is that the dividend income line is removed and the other revenue line is increased by R28 633 for the group and R3 028 633 for the company.

4.9 Restatement – Loan to associate classified as equity instrument at fair value through profit or loss

Historically the loan to associate company was classified as a financial instrument at amortised cost. Based on the terms of the agreement it should have been disclosed as an equity instrument, and based on management's judgement it was designated at fair value through profit and loss. The effect did not have an impact on the statement of financial positions or the statements of comprehensive income. The note disclosure in relation to the loan to associate was updated. Refer to note 10 and 28.

4.10 Restatement – Lease liability maturity analysis

Renewal options included in store leases were previously excluded from the lease liability maturity analysis in note 28.3. In terms of IFRS 7, renewal options should be included in the maturity analysis and the prior year figures were accordingly restated.

		GROUP		
	Notes	Previously reported 30 June 2020 R'000	Effect of correction R'000	Restated 30 June 2020 R'000
Effect on Statement of financial position				
Non-current assets				
Right-of-use asset	4.1, 4.2	235 488	(3 521)	231 967
Deferred tax	4.2	35 596	429	36 025
Capital and reserves				
Retained earnings	4.2	203 774	(1 104)	202 670
Non-current liabilities				
Lease liabilities	4.1	291 124	(5 743)	285 381
Provisions	4.2	–	3 254	3 254
Current liabilities				
Provisions	4.2	1 252	501	1 753
Effect on Statement of comprehensive income				
CONTINUING OPERATIONS				
Revenue	4.3, 4.4	**611 102**	**(18 622)**	**592 480**
Cost of sales	4.5	(294 720)	2 992	(291 728)

	Notes	GROUP Previously reported 30 June 2020 R'000	Effect of correction R'000	Restated 30 June 2020 R'000
Gross profit	4.2	**271 045**	**2 992**	**274 037**
Other revenue	4.4, 4.8	22 538	4 177	26 715
Other operating costs	4.2, 4.4, 4.5	(365 918)	(8 674)	(374 592)
Operating loss		**(72 335)**	**(1 505)**	**(73 840)**
Dividend income	4.8	**29**	**(29)**	–
Loss before tax		**(98 585)**	**(1 534)**	**(100 119)**
Income tax	4.2	26 183	430	26 613
Loss for the year from continuing operations		**(72 402)**	**(1 104)**	**(73 506)**
Basic loss per ordinary share (cents)		(357.4)	(5.3)	(362.7)
Headline loss per ordinary share (cents)		(86.2)	(4.0)	(90.2)
Diluted loss per ordinary share (cents)		(354.9)	(5.3)	(360.2)
Diluted headline loss per ordinary share (cents)		(85.6)	(3.9)	(89.5)

The below line items on the face the primary statements were accordingly restated.

	Notes	GROUP Previously reported 30 June 2020 R'000	Effect of correction R'000	Restated 30 June 2020 R'000
Effect on Statement of changes in equity				
Effect on Retained earnings				
Total loss for the year	4.2	(74 160)	(1 104)	(75 264)
Balance of retained earnings at end of the year	4.2	203 774	(1 104)	202 670
Effect on Statement of cash flows				
Loans advanced	4.6	(825)	(935)	(1 760)
Loans repaid	4.6	–	935	935

	Notes	COMPANY Previously reported 30 June 2020 R'000	Effect of correction R'000	Restated 30 June 2020 R'000
Effect on Statement of comprehensive income				
CONTINUING OPERATIONS				
Revenue	4.3, 4.4	37 945	(4 984)	32 961
Other revenue	4.4, 4.8	25 233	7 728	32 961
Other operating costs	4.4	(18 198)	(4 699)	(22 897)
Operating profit		**7 035**	**3 029**	**10 064**
Dividend income	4.8	**3 029**	**(3 029)**	–
Effect on Statement of cash flows				
Working capital changes	4.7	3 238	(2 915)	323
Net cash inflows from operating activities		22 308	(2 915)	19 393
Loans advanced	4.6	(708)	(117)	(825)
Loans repaid	4.6, 4.7	–	3 032	3 032
Net cash outflows from investing activities		(1 075)	2 915	1 840

5. Property, plant and equipment

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
LAND AND BUILDINGS				
Cost at the beginning of the year	**6 986**	6 970	**–**	–
Additions	**28**	16	**–**	–
Cost at the end of the year	**7 014**	6 986	**–**	–
Accumulated depreciation at the beginning of the year	**1 125**	754	**–**	–
Depreciation charge for the year	**377**	371	**–**	–
Accumulated depreciation at the end of the year	**1 502**	1 125	**–**	–
Carrying value at the beginning of the year	**5 861**	6 216	**–**	–
Carrying value at the end of the year	**5 512**	5 861	**–**	–
PLANT AND EQUIPMENT				
Cost at the beginning of the year	**318**	297	**318**	297
Additions	**46**	21	**46**	21
Cost at the end of the year	**364**	318	**364**	318
Accumulated depreciation at the beginning of the year	**120**	94	**120**	94
Depreciation charge for the year	**33**	26	**33**	26
Accumulated depreciation at the end of the year	**153**	120	**153**	120
Carrying value at the beginning of the year	**198**	203	**198**	203
Carrying value at the end of the year	**211**	198	**211**	198
VEHICLES				
Cost at the beginning of the year	**1 214**	1 214	**46**	46
Cost at the end of the year	**1 214**	1 214	**46**	46
Accumulated depreciation at the beginning of the year	**1 201**	1 197	**46**	46
Depreciation charge for the year	**4**	4	**–**	–
Accumulated depreciation at the end of the year	**1 205**	1 201	**46**	46
Carrying value at the beginning of the year	**13**	17	**–**	–
Carrying value at the end of the year	**9**	13	**–**	–
EQUIPMENT AND SHOP FITTINGS				
Cost at the beginning of the year	**212 379**	199 119	**11**	11
Additions	**4 093**	15 732	**26**	–
Disposals	**(24 699)**	(2 472)	**–**	–
Cost at the end of the year	**191 773**	212 379	**37**	11
Accumulated depreciation at the beginning of the year	**159 934**	143 169	**11**	11
Depreciation charge for the year	**16 248**	18 542	**4**	–
Depreciation charge reclassified to discontinued operation	**222**	695	**–**	–
Depreciation on disposals	**(22 183)**	(2 472)	**–**	–
Accumulated depreciation at the end of the year	**154 221**	159 934	**15**	11
Carrying value at the beginning of the year	**52 445**	55 950	**–**	–
Carrying value at the end of the year	**37 552**	52 445	**22**	–
Total carrying value at the beginning of the year	**58 517**	62 386	**198**	203
Total carrying value at the end of the year	**43 284**	58 517	**233**	198

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 for impairment as part of the impairment test for right-of-use assets. Refer to note 8. No impairment charges on plant and equipment were recognised in the current or prior year.

6. Investment property

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Cost at the beginning of the year	**83 793**	83 447	**83 793**	83 447
Additions	**30**	346	**30**	346
Cost at the end of the year	**83 823**	83 793	**83 823**	83 793
Accumulated depreciation at the beginning of the year	**20 551**	17 768	**20 551**	17 768
Depreciation charge for the year	**2 443**	2 783	**2 443**	2 783
Accumulated depreciation at the end of the year	**22 994**	20 551	**22 994**	20 551
Carrying value at the beginning of the year	**63 242**	65 679	**63 242**	65 679
Carrying value at the end of the year	**60 829**	63 242	**60 829**	63 242
Fair value of investment properties				
Rex Trueform Office Park	**128 600**	138 000	**–**	–
Vacant building	**28 000**	29 000	**–**	–
Vacant land	**29 600**	29 600	**–**	–
Total fair value	**186 200**	196 600	**–**	–
Included in profit and loss are the following items:				
Rental income from investment property	**19 853**	19 337	**22 184**	21 309
Direct operating expenses (including repairs and maintenance) relating to rental generating investment properties	**9 148**	8 146	**7 355**	6 355
Direct operating expenses (including repairs and maintenance) relating to investment properties which did not generate income	**322**	194	**1 513**	2 072
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	**19 108**	19 997	**19 108**	19 997
Between one and five years	**6 389**	29 648	**6 389**	29 648
Total	**25 497**	49 645	**25 497**	49 645

Group level

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

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

- Queenspark Proprietary Limited occupies approximately 10% (2020: 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 7.5% and 9% (2020: 7% and 9%). Subsequent renewals may be negotiated with the lessee and the average renewal periods are from two to five years. No contingent rentals are charged. As a result of COVID-19 credit notes amounting R485 911 (2020: R906 985) were issued to tenants during the current financial year.

There are commitments to further develop our investment properties by R872 500 (2020: R934 750).

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 2021 by independent valuers, Sterling Valuation Specialists. In applying this method the professional associated valuers has given consideration to the rental-producing capacity of the properties taking into account their location, structure and the rental producing capacity of similar buildings. The valuers indicated that given the unknown future impact of COVID-19, the valuation of the properties should be frequently reviewed.

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%	(2020: 9.25% - 10.75%)
Discount rate	13.25%	(2020: 14.25%)
Vacancy factor	3.00%	(2020: 2%)

7. Intangible assets

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Computer software and other intangible assets				
Cost at the beginning of the year	**42 139**	40 760	**–**	–
Additions	**369**	1 379	**–**	–
Derecognised	**(1 100)**	–		
Cost at the end of the year	**41 408**	42 139	**–**	–
Accumulated amortisation at the beginning of the year	**23 609**	19 996	**–**	–
Amortisation charge for the year	**3 975**	3 613	**–**	–
Derecognised	**(1 100)**	–		
Accumulated amortisation at the end of the year	**26 484**	23 609	**–**	–
Carrying value at the beginning of the year	**18 530**	20 764	**–**	–
Carrying value at the end of the year	**14 924**	18 530	**–**	–

Other intangible assets relate to goodwill on purchase of the Namibian operations. The goodwill, which has previously been fully impaired, was derecognised in the current year following the closure of all the Namibian stores.

8. Right-of-use asset *

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Fixed-term store leases				
Carrying value at the beginning of the year	**231 967**	–	**–**	–
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 *	**21 532**	88 953	**–**	–
Landlord contributions	**–**	(960)	**–**	–
Lease modifications *	**(10 792)**	(13 362)	**–**	–
Depreciation charge for the year	**(52 718)**	(74 351)	**–**	–
Depreciation reclassified to discontinued operation	**–**	(1 261)		
Impairment charge for the year	**(7 240)**	(75 860)	**–**	–
Impairment charge reclassified to discontinued operation	**–**	(1 957)		
Carrying value at the end of the year	**182 749**	231 967	**–**	–

* Prior year figures restated. Refer to note 4.

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 assessed loss-making stores for impairment at each reporting date. The carrying values of right-of-use assets were assessed for impairment by comparing it to the recoverable amount being the higher of the value in use and an indicative selling price. 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 R182 748 865 (2020: R231 966 892) and accordingly an impairment charge of R7 239 572 (2020: R75 860 047) was recognised.

The following significant unobservable input(s) were used in calculating the value-in-use of the cash generating units:

- Pre-tax discount rate: 16.01% p.a. (2020: 25.6% p.a.)
- Store revenue growth: store specific revenue budgets used for the year ended 30 June 2022, thereafter 5% p.a. (2020: 5% p.a.).
- Store rentals: as per leases
- General cost inflation: 5% p.a. (2020: 5% p.a.).

9. Net interest in subsidiary companies

	COMPANY 2021 R'000	COMPANY 2020 R'000
Investment in unlisted shares – at cost	**3 518**	3 353

	COMPANY 2021 % Shareholding	COMPANY 2020 % Shareholding
Percentage held in unlisted shares		
Operating		
Queenspark Proprietary Limited	**100.0%**	100.0%
Queenspark Distribution Centre Proprietary Limited	**100.0%**	100.0%
Ombrecorp Trading (RF) Proprietary Limited	**52.0%**	52.0%
Dormant		
Anglo-American Export and Import Co. Limited	**100.0%**	100.0%

	COMPANY 2021 R'000	COMPANY 2020 R'000
Loans receivable from subsidiary companies		
Non-current loans receivable from subsidiary companies		
Ombrecorp Trading (RF) Proprietary Limited	**62 612**	57 043
	62 612	57 043
Current loans receivable from subsidiary companies		
Queenspark Proprietary Limited	–	16 221
Ombrecorp Trading (RF) Proprietary Limited	–	5 466
Rex Trueform Share Trust	**293**	–
	293	21 687

Terms of the loans to subsidiary companies

Queenspark Proprietary Limited

The loan receivable bears interest at prime and is repayable on demand. The loan was settled in full in the current financial period.

Ombrecorp Trading (RF) Proprietary Limited

The group's investment in this subsidiary is directly linked and its activities are restricted to the group's investment in associate referred to in note 10.

Ombrecorp received loan funding from its holding company for the sole purpose of acquiring the group's 30% interest in SAWW. The loan is unsecured, bears interest at the six-month JIBAR interest rate plus 5% and is repayable on or before 28 February 2029. The loan is not repayable within the 12 months and is therefore long term in nature.

Rex Trueform Share Trust

The group provided financial assistance to the share trust in order to purchase the shares. The loan receivable is interest-free and is repayable before the fifth anniversary of the effective date of the loan. The loan is expected to be repaid within 12 months and is therefore considered to be of a short-term nature.

Current account receivable from / (payable) to subsidiary companies		
Current accounts receivable form subsidiary companies (refer to note 38)	**72**	1 719
Current accounts payable to subsidiary company (refer to note 38)	–	(157)
Shown as:		
Non-current assets	**66 130**	60 396
Current assets	**365**	23 406
Current liabilities	–	(157)
	66 495	83 645

The format of the disclosure in relation to net interest in subsidiary companies changed from the prior year to better represent the information required.

10. Investment in associate *

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
INTEREST IN ASSOCIATE	**170 081**	168 552	**–**	–
Total carrying value at the beginning of the year	**18 882**	18 606	**–**	–
Increase in investment at cost	**421**	–	**–**	–
Equity accounted movements in reserves	**–**	4 749	**–**	–
Share of net attributable losses of associate	**(939)**	(4 473)	**–**	–
Carrying value at the end of the year	**18 364**	18 882	**–**	–
Loan to associate at the beginning of the year	**149 670**	134 460	**–**	–
– Capital	**125 000**	125 000	**–**	–
– Accrued dividends	**24 670**	9 460	**–**	–
Accrued dividends repaid during the year	**(15 166)**	(4 924)	**–**	–
Accrued dividends recognised during the year	**17 213**	20 134	**–**	–
Loan to associate at the end of the year	**151 717**	149 670	**–**	–
– Capital	**125 000**	125 000	**–**	–
– Accrued dividends	**26 717**	24 670	**–**	–
Shown as:				
Non-current assets	**170 081**	153 386	**–**	–
Current assets	**–**	15 166	**–**	–
	170 081	168 552	**–**	–

Prior year figures restated. Refer to note 4.

Rex Trueform's shares in Ombrecorp, Ombrecorp's shares in SAWW and Ombrecorp's bank account has been are ceded and pledged in favour of 27four Life until such time as the loan has been fully settled. Refer to note 12.3.

Ombrecorp provided shareholder funding to SAWW in order to invest in the underlying subsidiaries which conducts business in the water utility sector in accordance with water concession agreements concluded with the relevant municipalities. The shareholder funding is unsecured, bears interest at prime plus 5% and is repayable out of profits and cash available for distribution. All shareholder loan repayments are subject to 75% shareholder approval. The loan to associate has accordingly been classified as an equity instrument.

Impairment assessment

Management's assessment of the future expected cash flows of the underlying operating subsidiaries (Siza Water and Silulumanzi), in the form of dividend distributions was used to assess the recoverability of the investment, including the shareholder funding provided. The impairment assessment was done for the remaining concession term for each of the operating subsidiaries. Based on management's assessment of the solvency, liquidity and operational performance, as well as expected cash flows of the operating subsidiaries, management is satisfied that the investment, including the shareholder funding is recoverable and no impairment thereof is necessary

Significant unobservable inputs in relation to the investment in associate

Accrued dividend rate:	12.00% – 12.25%	(2020: 12.25% – 15.25%)
Term:	8.75 – 9.33 years	(2020: 9.75 – 10.33 years)

Investment in associate (continued)

The group acquired 30% of the issued share capital of SA Water Works Holding Company (RF) Proprietary Limited ("SAWW") for a nominal consideration via a controlled subsidiary, Ombrecorp Trading (RF) Proprietary Limited ("Ombrecorp"). The effective interest was increased to 30.79% in the current year.

The following table summarises the financial information of SAWW, 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.

	GROUP	
	2021 R'000	2020 R'000 Restated *
PERCENTAGE OWNERSHIP	**30.79%**	30.00%
Rex Trueform's subsidiary, Ombrecorp, directly owns 30.79% (2020: 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	**990 368**	1 089 380
Current assets	**317 468**	340 492
Non-current liabilities	**(920 913)**	(1 013 635)
Current liabilities	**(135 687)**	(157 899)
Non-controlling interest	**(199 762)**	(203 781)
Net assets (100%)	**51 474**	54 557
Group's share of net assets 30.79% (2020: 30%)	**15 848**	16 366
Investment at cost	**2 516**	2 516
Loan to associate company	**151 717**	149 670
Total investment in associate	**170 081**	168 552
Summarised statement of comprehensive income		
Revenue	**621 782**	483 804
Profit after tax	**37 473**	13 491
Attributable to non-controlling shareholders	**(40 556)**	(28 400)
Attributable loss and comprehensive income (100%)	**(3 083)**	(14 909)
Group's share of total comprehensive income 30.79% (2020: 30%)	**(939)**	(4 473)

* Prior year figures restated. Refer to note 4.

11. Other investments

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Unlisted shares			–	–
Business Partners Limited				
- 104 800 shares at fair value	**734**	734	**734**	734
Listed shares				
Texton Property Fund Limited				
- 333,334 shares at fair value	**1 083**	–	**1 083**	–
Sanlam Limited				
- 1,356 shares at fair value	**83**	80	**83**	80
Total at fair value through other comprehensive income	**1 900**	814	**1 900**	814

12. Loans receivable / (payable)

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Non-current loans receivable				
Unsecured loans to share scheme participants - related party	**552**	540	**552**	540
Unsecured loan to holding company	**4 029**	2 208	**4 029**	2 208
	4 581	2 748	**4 581**	2 748
Non-current loans payable				
Secured loan raised to finance investment in associate	**(82 067)**	(74 762)	–	–
Current loans payable				
Secured loan raised to finance investment in associate	–	(7 425)	–	–

12.1 Unsecured loans to share scheme participants

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Balance at the beginning of the year	**540**	1 048	**540**	1 048
Advances during the year	**12**	16	**12**	16
Repayments during the year	–	(524)	–	(524)
Balance at the end of the year	**552**	540	**552**	540

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.

12.2 Unsecured loan to holding company

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Balance at the beginning of the year	**2 208**	812	**2 208**	812
Advances during the year	**1 614**	1 744	**1 614**	1 744
Repayments during the year	–	(411)	–	(411)
Interest paid during the year	–	(99)	–	(99)
Interest accrued during the year	**207**	162	**207**	162
Balance at the end of the year	**4 029**	2 208	**4 029**	2 208

The group provided financial assistance to its holding company in the form of loan facility of R14 million. The loan is unsecured and bears interest at the prime rate of interest. The loan is repayable by June 2024, being the fifth anniversary of the signature date of the loan and is therefore considered to be of a long-term nature.

12.3 Secured loan raised to finance investment in associate

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Balance at the beginning of the period	**(82 187)**	(75 200)	**–**	–
Interest repaid during the period	**7 425**	2 244	**–**	–
Interest accrued during the year	**(7 305)**	(9 231)	**–**	–
Balance at the end of the period	**(82 067)**	(82 187)	**–**	–

Ombrecorp received loan funding from 27four Life for the sole purpose of acquiring the group's 30% interest in SAWW, refer to note 10. The loan bears interest at the 6 month Jibar interest rate plus 5% and is repayable on or before 28 February 2029. As at 30 June 2021, the loan is not repayable within the 12 months and is therefore long-term in nature.

Rex Trueform's shares in Ombrecorp, Ombrecorp's shares in SAWW and Ombrecorp's bank account has been are ceded and pledged in favour of 27four Life until such time as the loan has been fully settled.

13. Deferred tax asset / (liability) *

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Balance at the beginning of the year	**23 716**	(5 245)	**(12 309)**	(8 631)
- Deferred tax assets	**36 025**	3 386	**–**	–
- Deferred tax liabilities	**(12 309)**	(8 631)	**(12 309)**	(8 631)
Charge to profit or loss	**(3 212)**	28 975	**145**	(3 665)
- current year	**(3 346)**	27 900	**145**	(4 430)
- prior year under provision	**134**	1 075	**–**	765
Recognised in statement of comprehensive income	**(153)**	(13)	**(153)**	(13)
- Investments	**(153)**	(13)	**(153)**	(13)
Current year movement in temporary differences recognised in profit or loss	**(3 212)**	28 975	**145**	(3 665)
- Accruals and provisions	**(1 604)**	(6 868)	**106**	(67)
- Property, plant and equipment, intangible assets and investment property	**806**	755	**42**	(160)
- Right-of-use asset	**13 783**	(64 951)	**–**	–
- Lease liability	**(23 204)**	96 264	**–**	–
- Forward exchange contracts	**49**	(82)	**–**	–
- Lease asset	**(3)**	250	**(3)**	250
- Prepaid expense	**(478)**	3 400	**–**	–
- Assessed loss	**7 439**	207	**–**	(3 688)
Current year movement in temporary differences recognised in statement of comprehensive income	**(153)**	(13)	**(153)**	(13)
- Investments	**(153)**	(13)	**(153)**	(13)
Balance at the end of the year	**20 350**	23 716	**(12 317)**	(12 309)
- Deferred tax assets	**32 667**	36 025	**–**	–
- Deferred tax liabilities	**(12 317)**	(12 309)	**(12 317)**	(12 309)
Balance at the end of the year comprising of:				
Deferred tax assets	**88 159**	105 465	**404**	297
- Assessed losses	**11 334**	3 895	**–**	–
- Lease liability	**73 060**	96 264	**–**	–
- Accruals and provisions	**3 695**	5 299	**404**	297
- Forward exchange contracts	**49**	–	**–**	–
- Property, plant and equipment, intangible assets and investment property	**21**	7	**–**	–
Deferred tax liabilities	**(67 809)**	(81 748)	**(12 721)**	(12 606)
- Property, plant and equipment, intangible assets and investment property	**(15 337)**	(16 128)	**(12 277)**	(12 318)
- Right-of-use asset	**(51 169)**	(64 951)	**–**	–
- Lease asset	**(229)**	(227)	**(229)**	(227)
- Investments	**(215)**	(61)	**(215)**	(61)
- Prepaid expense	**(859)**	(381)	**–**	–

* Prior year figures restated. Refer to note 4.

The directors have considered the future profitability and on the basis that taxable income is 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% (2020: 22.4%) was used to compute deferred tax for assets and liabilities which will be realised through sale, and a rate of 28% (2020: 28%) was used for deferred tax balances to be recovered through use.

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. The assessment was based on a number of factors including past profitability, approved budgets and multi-year forecasts for the retail segment which were presented to the board of directors. 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 online sales platform where previously it relied on third party online platforms.
- Management continuously seeks to maximise cost efficiencies within the business.
- Negotiations with landlords are continuing for rental relief and more favourable lease terms.
- Management will continue to monitor unprofitable stores and assess whether store closures are required.

14. Inventories

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Merchandise on hand	**53 595**	108 957	**–**	–
Merchandise at sea	**27 065**	2 217	**–**	–
Right to return asset	**577**	506	**–**	–
Inventories at the end of the year	**81 237**	111 680	**–**	–
Net realisable value provision beginning of year	**23 114**	12 824	**–**	–
Inventory provision included in profit or loss	**(13 011)**	10 290	**–**	–
Net realisable value provision end of year	**10 103**	23 114	**–**	–
Inventories carried at net realisable value	**60**	62	**–**	–

Merchandise at sea is inventory in transit from the free on board port of shipment.

As at 30 June 2021 the net realisable value provision was 11.1% of gross cost of inventory compared to 17.2% at the end of the previous financial year due to the negative impact of COVID-19 and the related uncertainty of consumer spending at the end of the previous financial year. The provision was gradually decreased during the year under review as some of the uncertainty in retail and consumer spending dissipated. 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.

15. Trade and other receivables

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Trade receivables	**893**	3 403	**–**	357
Prepayments	**9 994**	7 255	**195**	136
VAT receivable	**13**	–	**–**	–
Other receivables	**8 436**	366	**211**	208
At the end of the year	**19 336**	11 024	**406**	701
Reconciliation				
Financial instruments				
Trade receivables	**893**	3 403	**–**	357
Other receivables	**8 436**	366	**211**	208
Non-financial instruments				
VAT receivable	**13**	–	**–**	–
Prepayments	**9 994**	7 255	**195**	136
	19 336	11 024	**406**	701

Prepayments mainly comprises amounts relating to inventory. Other receivables comprises largely of COVID-19 rent relief receivable from landlords.

Categorisation of trade and other receivables

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

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
At amortised cost	**9 329**	3 769	**211**	565
Non-financial instruments	**10 007**	7 255	**195**	136
	19 336	11 024	**406**	701

16. Cash and cash equivalents

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Bank balances	**11 592**	15 529	**740**	1 041
Call deposits	**98 972**	56 881	**52 475**	25 471
At the end of the year	**110 564**	72 410	**53 215**	26 512

Call deposit includes an amount of R577 500 (2020: R577 500) pledged to the City of Cape Town.

17. Share capital

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Issued and fully paid share capital				
Ordinary shares				
2 905 805 ordinary shares of no par value	**1 453**	1 453	**1 453**	1 453
17 927 644 "N" ordinary shares of no par value	**3 886**	3 886	**3 886**	3 886
	5 339	5 339	**5 339**	5 339
Reconciliation of movement in issued and fully paid shares				
At the beginning of the year				
Shares issued during the period	**5 339**	3 881	**5 339**	3 881
At the end of the year	**–**	1 458	**–**	1 458
	5 339	5 339	**5 339**	5 339

The company has 2 classes of ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to 200 votes per share at meetings of the company's shareholders. The holders of "N" ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company's shareholders.

No dividends were declared or paid by the company on ordinary and "N" ordinary shares during the year (2020: R nil).

The directors have not proposed a dividend per share in respect of the 2021 year on ordinary and "N" ordinary shares.

The unissued shares are under the control of the directors until the annual general meeting.

	GROUP 2021 Number of shares	GROUP 2020 Number of shares	COMPANY 2021 Number of shares	COMPANY 2020 Number of shares
Ordinary shares - Authorised				
Balance of shares at end of year	**26 000 000**	26 000 000	**26 000 000**	26 000 000
Ordinary shares - Issued and fully paid				
Balance of shares at end of year	**2 905 805**	2 905 805	**2 905 805**	2 905 805
"N" Ordinary shares - Authorised				
Balance of shares at end of year	**120 000 000**	120 000 000	**120 000 000**	120 000 000
"N" Ordinary shares - Issued and fully paid				
Reconciliation of movement in issued and fully paid shares				
At the beginning of the year	**17 927 644**	17 846 354	**17 927 644**	17 846 354
Shares issued during the period	**–**	81 290	**–**	81 290
At the end of the year	**17 927 644**	17 927 644	**17 927 644**	17 927 644
Treasury shares held by subsidiaries	**(73 918)**	(20 291)	**–**	–
Number of shares in issue (net of treasury shares)	**17 853 726**	17 907 353	**17 927 644**	17 927 644

18. Preference share capital

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Authorised share capital				
Preference shares				
140 000 6% cumulative preference shares of R2 each	**280**	280	**280**	280
Issued and fully paid share capital				
Preference shares				
140 000 6% cumulative preference shares of R2 each	**280**	280	**280**	280

	GROUP		COMPANY	
	2021 Number of shares	2020 Number of shares	2021 Number of shares	2020 Number of shares
Preference shares				
Balance of shares at end of year	**140 000**	140 000	**140 000**	140 000

The preference shares are non-redeemable and are entitled to receive annual dividends equal to 6%. The dividends are payable in cash on a bi-annual basis. Preference shareholders are not entitled to vote at the meetings of the company's shareholders.

19. Treasury shares

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Treasury shares				
'"N" ordinary shares held by the Rex Trueform Share Trust as treasury shares	**(714)**	(117)	**–**	–
Reconciliation of movement in treasury shares				
At the beginning of the year	**(117)**	(117)	**–**	–
Shares issued in terms of the share scheme participants	**822**	1 458	**–**	–
Shares issued by company to the share trust	**–**	(1 458)	**–**	–
Shares repurchased during current period	**(1 419)**	–	**–**	–
At the end of the year	**(714)**	(117)	**–**	–

Reconciliation of movement in treasury shares – "N" Ordinary shares

	GROUP		COMPANY	
	2021 Number of shares	2020 Number of shares	2021 Number of shares	2020 Number of shares
At the beginning of the year	**20 291**	20 279	**–**	–
Shares issued in terms of the share scheme participants	**(73 889)**	(81 290)	**–**	–
Shares issued by company to the share trust	**–**	81 302	**–**	–
Shares repurchased during current period	**127 516**	–	**–**	–
At the end of the year	**73 918**	20 291	**–**	–

During the year the share trust purchased an additional 127 516 "N" ordinary shares to facilitate the share options, 73 889 "N" ordinary shares were awarded to executive directors and senior executives. Refer to note 32.

20. Share premium

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Share premium balance at the end of the year	**25 836**	25 836	**25 836**	25 836

There were no changes in the share premium balance in the current or prior period.

21. Share-based payment reserve

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Non-distributable	**5 468**	5 468	**–**	–
Distributable	**872**	1 164	**1 437**	1 671
At the end of the year	**6 340**	6 632	**1 437**	1 671

Non-distributable reserve - an equity-settled share-based payment expense that arose as a result of the award of shares in Ombrecorp Trading (RF) Proprietary Limited to the non-controlling shareholders for below fair value, which resulted in an IFRS 2 expense at the time of the transaction.

Distributable reserve - an equity-settled share-based payment expense arose as a result of share options granted to executive directors and senior executives. Refer to note 32.

22. Other reserves

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Revaluation of assets held at fair value through other comprehensive income[1]	**1 179**	648	**1 179**	648
Gain on post-retirement defined benefit plan	**1 529**	1 426	**1 529**	1 426
At the end of the year	**2 708**	2 074	**2 708**	2 074

[1] Relates to other investments as per note 11.

23. Lease liability *

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Fixed-term store leases				
At the beginning of the year	**346 249**	–	**–**	–
Recognition of lease liability on initial application of IFRS 16	**–**	333 305	**–**	–
New leases *	**21 532**	85 196	**–**	–
Lease modifications *	**(40 099)**	(14 757)	**–**	–
Finance cost	**29 604**	35 617	**–**	–
Finance cost paid	**(29 604)**	(35 617)	**–**	–
Capital repaid	**(66 753)**	(57 495)	**–**	–
At the end of the year	**260 929**	346 249	**–**	–
Included in non-current liabilities	**204 210**	285 381	**–**	–
Included in current liabilities	**56 719**	60 868	**–**	–
	260 929	346 249	**–**	–

* Prior year figures restated. Refer to note 4.

Lease liabilities bear interest varying from 7.00% to 11.25% and are repayable from 2022 to 2032 including renewal periods where applicable. Refer to note 41 for further information on leases.

24. Post-retirement liability

At 30 June 2021, the group had an obligation to provide limited post-retirement benefits to four members (2020: four).

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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Reconciliation of liability				
At the beginning of the year	**425**	512	**425**	512
Interest cost included in profit or loss	**24**	40	**24**	40
Gain included in other comprehensive income	**(103)**	-	**(103)**	-
Benefits paid	**(125)**	(127)	**(125)**	(127)
Amount included in statement of financial position	**221**	425	**221**	425
Amount included in profit or loss				
Interest cost	**24**	40	**24**	40
	24	40	**24**	40

25. Trade and other payables

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Trade payables	**40 025**	51 437	**36**	1 033
Deferred income	**4 692**	7 002	**–**	–
VAT payable	**1 646**	1 445	**248**	359
Rental deposits	**4 692**	4 863	**4 692**	4 863
Employee benefit accruals	**8 237**	6 216	**666**	500
Amounts payable in relation to share-options granted	**–**	–	**164**	–
Other payables and accruals	**25 744**	12 253	**1 825**	1 630
At the end of the year	**85 036**	83 216	**7 631**	8 385
Other payable and accrual comprises largely inventory received not yet invoiced.				
Reconciliation				
Financial instruments				
Trade payables	**40 025**	51 437	**36**	1 033
Rental deposits	**4 692**	4 863	**4 692**	4 863
Other payables	**25 744**	12 253	**1 825**	1 630
Non-financial instruments				
Deferred income	**4 692**	7 002	**–**	–
VAT payable	**1 646**	1 445	**248**	359
Employee benefit accruals	**8 237**	6 216	**666**	500
Amounts payable in relation to share-options granted	**–**	–	**164**	–
	85 036	83 216	**7 631**	8 385
Categorisation of trade and other payables				
Trade and other payables are categorised as follows in accordance with IFRS 9: Financial Instruments:				
At amortised cost	**70 461**	68 553	**6 553**	7 526
Non-financial instruments	**14 575**	14 663	**914**	859
	85 036	83 216	**7 467**	8 385

26. Provisions *

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Employment costs	**–**	–	**–**	–
Customer returns	**1 228**	1 076	**–**	–
Provision for occupancy commitments	**4 015**	3 931	**–**	–
	5 243	5 007	**–**	–
Shown as:				
Non-current liability	**3 078**	3 254	**–**	–
Current liability	**2 165**	1 753	**–**	–
	5 243	5 007	**–**	–

* Prior year figures restated. Refer to note 4.

26.1 Employment costs

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
At the beginning of the year	–	3 680	–	125
Movement in profit or loss	–	(3 680)	–	(125)
At the end of the year	–	–	–	–

The provision related to staff bonuses.

26.2 Customer returns

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
At the beginning of the year	**1 076**	2 345	–	–
Movement in profit or loss	**152**	(1 269)	–	–
At the end of the year	**1 228**	1 076	–	–

It is the company's policy to accept merchandise returns 30 days after a sale has occurred or in the case of defective goods six months after sale, provided that the customer has retained proof of purchase. The amount of the provision is based on the history of sales returns.

26.3 Provision for occupancy commitments

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
At the beginning of the year	**3 931**	2 736	–	–
Movement in profit or loss	**260**	(2 560)	–	–
Provisions released in current year	**(176)**	–		
Increase in provisions *	**–**	3 755	–	–
At the end of the year	**4 015**	3 931	–	–

* Prior year adjusted in terms of note 4

The provision relates to commitments as a result of whiteboxing clauses contained in store leases when stores are vacated at the termination of the leases.

27. Capital commitments

Capital commitments include all projects for which specific board approval has been obtained.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Authorised but not yet contracted for				
Store development	**3 365**	7 989	**–**	–
Computer infrastructure and software	**3 573**	3 777	**–**	–
Plant and machinery	**486**	778	**120**	–
Head office refurbishments	**753**	739	**753**	471
Motor vehicle	**49**	496	**–**	–
Total	**8 226**	13 779	**873**	471
Authorised and contracted for (less amounts already incurred)				
Store development	**497**	16 123	**–**	–
Plant and machinery	**28**	30	**–**	–
Computer infrastructure and software	**58**	682	**–**	–
Motor vehicle	**296**	–	**–**	–
Total	**879**	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.

28. Financial instruments

28.1 Carrying value

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Financial instruments at amortised cost				
Lease liabilities	**(260 929)**	(346 249)	**–**	–
Trade and other receivables[1]	**9 329**	3 769	**211**	565
Loans receivable from subsidiary companies[1]	**–**	–	**62 905**	73 264
Current accounts receivable from subsidiary companies[1]	**–**	–	**72**	1 719
Cash and cash equivalents[1]	**110 564**	72 410	**53 215**	26 512
Loans receivable[2]	**4 581**	2 748	**4 581**	2 748
Trade and other payables[1]	**(65 769)**	(63 690)	**(1 861)**	(2 663)
Rent deposits[2]	**(4 692)**	(4 863)	**(4 692)**	(4 863)
Loan payable[2]	**(82 067)**	(82 187)	**–**	–
Amounts payable to subsidiary company[2]	**–**	–	**–**	(157)
	(288 983)	(418 062)	**114 431**	97 125

[1] Approximates the fair value of the financial instruments as all short term in nature (no time value of money applicable)
[2] Approximates the fair value of the financial instrument as it is linked to market related interest rates

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Financial instruments at fair value through profit or loss				
Other investments - Listed shares (Level 1)	**1 166**	80	**1 166**	80
Other investments - Unlisted shares (Level 1)	**734**	734	**734**	734
	1 900	814	**1 900**	814
Financial instrument at fair value through other comprehensive income				
Forward exchange contracts (Level 2)	**(174)**	–	**–**	–
Loan to associate (Refer to note 10) (Level 3)	**151 717**	149 670	**–**	–
	151 543	149 670	**–**	-

28. Financial instruments (continued)

28.1 Carrying value (continued)

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 valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between not based on observable data and the observable inputs have a significant effect on the instruments' valuation. This category includes instruments that are the instruments.

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 contracts 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.

The fair value of the loan to associate was calculated by using the income approach. This approach used the estimated future cash flows and present value these cash flows using a current lending rate which was adjusted to incorporate the risk of bearing uncertainty in the cash flow. Refer to note 10 for a reconciliation of the loan to associate and note 28.6 for the market risk sensitivity analysis.

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

When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

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

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

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counter party default rates. The credit rating currently applicable is BB+ (2020: 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.

Based on management's review of future profit and cash flow projections as well as the solvency, liquidity and performance of the retail operations, they are satisfied that the amount receivable from its subsidiary, Queenspark Proprietary Limited, is recoverable and no impairment thereof necessary. ECL is therefore considered to be insignificant.

28. Financial instruments (continued)

28.2 Credit risk (continued)

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Exposure to credit risk				
The carrying amount of financial assets represents the maximum credit exposure.				
The maximum exposure to credit risk at the reporting date was:				
Trade receivables (refer to note 15)	**893**	3 403	**–**	357
Other receivables – not past due (refer to note 15)	**8 436**	366	**211**	208
Loans receivable – not past due (refer to note 12)	**4 581**	2 748	**4 581**	2 748
Loans receivable from subsidiary companies – not past due (refer to note 9)	**–**	–	**62 905**	78 736
Current accounts from subsidiary companies – not past due (refer to note 9)	**–**	–	**72**	1 713
Cash and cash equivalents (refer to note 16)	**110 564**	72 410	**53 215**	26 512
	124 474	78 927	**120 984**	110 274

* Comprises largely of COVID-19 rent relief from landlords by way of property industry agreements following the national lockdown.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:				
Rentals to be received from tenants	**–**	142	–	142
Online retailers	**–**	878	–	–
Other	**893**	2 383	–	215
	893	3 403	–	357

Impairment losses

The ageing of trade receivables at the reporting date was:

	COMPANY				GROUP			
	Gross 2021 R'000	Impairment 2021 R'000	Gross 2020 R'000	Impairment 2020 R'000	Gross 2021 R'000	Impairment 2021 R'000	Gross 2020 R'000	Impairment 2020 R'000
Not past due	**318**	**–**	**2 227**	**–**	**318**		357	–
Past due 0 – 30 days	**–**	**–**	**593**	**–**	**–**		–	–
Past due 31 – 60 days	**–**	**–**	**–**	**–**	**–**		–	–
Past due > 61 days	**575**	**–**	**583**	**–**	**–**		–	–
	893	**–**	**3 403**	**–**	**–**		357	–

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
An analysis of the credit quality of trade receivables that are past due but not impaired is as follows:				
Online retailers	–	593	–	–
Other customers	**575**	583	–	–
	575	1 176	–	–

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.

28.3 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.

The expected maturity profile of financial liabilities based on contractual undiscounted payments is as follows:

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Less than one year				
Trade payables	**40 025**	51 437	**36**	1 033
Other payables and accruals	**25 744**	12 253	**1 825**	1 630
Rent deposits	**4 692**	4 863	**4 692**	4 863
Amounts payable to group companies	–	–	–	157
	70 461	68 553	**6 553**	7 683
Loan payable maturity profile				
Within one year	–	7 425	–	–
After one year	**82 067**	74 762	–	–
	82 067	82 187	–	–
Lease liabilities maturity profile *				
Within one year	**87 965**	92 476	–	–
Between one and two years	**79 629**	80 661	–	–
Between two and five years	**142 905**	173 897	–	–
After 5 years	**82 854**	134 173	–	–
	393 353	481 207	–	–
The expected cash flows related to forward exchange contracts will occur as follows:				
Carrying amount	**174**	–	–	–
Contractual cash flows	**33 935**	–	–	–
Less than one year	**33 935**	–	–	–

* Prior year figures restated. Refer to note 4. Less than one year

28. Financial instruments (continued)

28.4 Interest rate risk

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
The group is exposed to interest rate risk as set out in the table below.				
Variable-rate instruments				
Loans receivable from subsidiary companies (refer to note 9)	**–**	–	**62 612**	78 730
Cash and cash equivalents (refer to note 16)	**110 564**	72 410	**53 215**	26 512
Loan receivable (refer to note 12)	**4 029**	2 208	**4 029**	2 208
Loan payable (refer to note 12)	**(82 067)**	(82 187)	**–**	–
	32 526	(7 569)	**119 856**	107 450
Interest free instruments				
Loans receivable from subsidiary companies (refer to note 9)	**–**	–	**293**	–
Loan receivable (refer to note 12)	**552**	540	**552**	540
	552	540	**845**	540

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% (2020: 6.25% - 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.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Impact on profit or loss before taxation	**325**	(76)	**1 199**	1 075
Impact on equity	**234**	(54)	**863**	774

28.5 Currency risk

The group incurs currency risk as a result of transactions which are denominated in a currency other than the company's functional currency.

The settlement of these transactions take place within a normal business cycle. The group has policies for the management of foreign currency risks. No uncovered foreign exchange commitments exist at the reporting date.

The risk is managed by entering into forward foreign exchange contracts. These contracts are matched with anticipated future cash outflows in foreign currencies. The company does not use forward foreign exchange contracts for speculative purposes. No hedge accounting is applied. The currency in which the company 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 business.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Included in trade payables: Goods received from foreign suppliers not yet invoiced – USD	**17 661**	–	–	–

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

	Foreign Amount R'000	Average forward cover rate R'000	Rand Amount R'000
2021 **Imports**	**2 340**	**14.50**	**33 935**
2020 Imports	–	–	–

The following significant exchange rates applied during the year:

	Average rate		30 June spot rate	
	2021	2020	2021	2020
USD	**R 15.41**	R 15.70	**R 14.30**	R 17.33

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 Unites 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 2020.

	Profit or Loss R' 000
2021 **USD**	**5 160**
2020 USD	–

28.6 Market risk

Market risk in relation to the loan to associate relates to the risk that the shareholder funding provided to the associate will not be recovered from expected future cash flows from underlying subsidiaries of SAWW. The group is also exposed to interest rate risk as the accrued dividends in terms of the shareholders agreement are linked to the prime rate of interest.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Included in investment in associate:	**151 717**	149 670	**–**	–
Loan to associate (Refer note 10)	**151 717**	149 670	**–**	–

28. Financial instruments (continued)

28.7 Market risk (continued)

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. This analysis assumes all other variables remain constant.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Impact on profit or loss before taxation	**1 517**	1 497	**–**	–
Impact on equity	**1 092**	1 078	**–**	–

28.8 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 2021 the ordinary shareholders' interest (total equity less preference share capital) to total assets was 36.8% (2020: 32.7%)

29. Revenue

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Revenue from contracts with customers				
Retail sales	**464 961**	565 765	**–**	–
Management fee income	**2 722**	3 191	**4 186**	3 924
Tenant recoveries	**3 853**	4 148	**4 398**	4 699
Profit on sale of property	**–**	10	**–**	–
	471 536	573 114	**8 584**	8 623
Timing of revenue recognition:				
Products transferred at a point in time	**464 961**	565 775	**–**	–
Recognised over the period services are rendered	**6 575**	7 339	**8 584**	8 623
	471 536	573 114	**8 584**	8 623
Revenue from lease agreements – IFRS 16				
Rental income	**19 853**	19 337	**22 184**	21 309
	19 853	19 337	**22 184**	21 309
Revenue other than from contracts with customers				
Dividends received				
Dividends received from subsidiary companies	**–**	–	**–**	3 000
Dividends received other	**38**	29	**4**	29
	38	29	**4**	3 029
Total revenue	**491 427**	592 480	**30 772**	32 961
Shown as:				
Retail sales	**464 961**	565 765	**–**	–
Other revenue	**26 466**	26 715	**30 772**	32 961
	491 427	592 480	**30 772**	32 961

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Employment costs	**101 225**	101 820	**6 808**	4 965
Non-executive directors	**1 551**	1 146	**1 551**	1 146
- for services as directors	**1 225**	870	**1 551**	870
- for consultancy services	**326**	276	**–**	276
Executive directors	**2 054**	2 330	**1 923**	2 205
- equity-settled share-based payment	**447**	729	**447**	729
- paid for managerial services	**1 552**	1 218	**609**	609
- retirement fund contributions	**55**	40	**20**	20
- management fees	**–**	–	**658**	658
- other benefits	**–**	58	**29**	29
- bonuses and performance related payments	**–**	285	**160**	160
Key management	**203**	331	**203**	331
- equity-settled share-based payment	**203**	331	**203**	331
Employment costs - other	**97 417**	98 013	**3 131**	1 283
- employment costs	**93 698**	92 194	**2 745**	20
- equity-settled share-based payment	**646**	2 000	**386**	1 263
- retirement funding costs	**3 073**	3 819	**–**	–
Amortisation	**3 975**	3 613	**–**	–
Depreciation	**71 823**	96 077	**2 480**	2 809
- land and buildings and investment property	**2 820**	3 154	**2 443**	2 783
- plant	**33**	26	**33**	26
- vehicles	**4**	4	**–**	–
- equipment and shop fittings	**16 248**	18 542	**4**	–
- right-of-use asset	**52 718**	74 351	**–**	–
Impairment - right-of-use asset	**7 240**	75 860	**–**	–
Net loss/(profit) on disposal - equipment and shop fittings	**1 148**	(10)	**–**	–
Lease expenses	**22 126**	23 249	**–**	–
Utilities	**17 562**	17 594	**4 959**	4 881
Rent concessions	**(29 169)**	(1 432)	**–**	
Gain on lease modifications	**(27 581)**	(1 396)	**–**	–
Net foreign exchange loss / (gain)	**1 531**	(2 992)	**–**	–
- realised loss / (gain)	**1 357**	(2 698)	**–**	–
- unrealised loss / (gain)	**174**	(294)	**–**	–
Managerial, technical, administrative and secretarial fees	**6 661**	6 270	**5 484**	5 984
Bank charges and card commission	**8 247**	11 210	**65**	62
Communication costs	**5 196**	5 222	**60**	63
Marketing	**4 923**	5 327	**–**	–
Repairs and maintenance	**4 148**	3 507	**1 706**	924
Security	**3 884**	4 127	**1 382**	1 302
Other operating expenses	**15 991**	26 546	**1 748**	1 907
Total operating expense	**218 928**	374 592	**24 692**	22 897

* Prior year figures restated. Refer to note 4.

31. Directors' emoluments

31.1 Directors' remuneration

	Directors' fees R'000	Fees for other services[1] R'000	Basic salary R'000	Performance related payments R'000	Share-based payment R'000	Value of other benefits R'000	Retirement fund contributions R'000	Total 2021 (R'000)
Executive directors								
CL Lloyd	–	–	–	–	203	–	–	203
D Franklin	–	–	1 552	–	244	57	55	1 908
	–	–	1 552	–	447	57	55	2 111
Non-executive directors								
MA Golding	455	81	–	–	–	–	–	536
PM Naylor	222	127	–	–	–	–	–	349
HB Roberts	189	82	–	–	–	–	–	271
LK Sebatane	182	36	–	–	–	–	–	218
MR Molosiwa	177	–	–	–	–	–	–	177
	1 225	326	–	–	–	–	–	1 551
Key management								
WD Nel	–	–	–	–	203	–	–	203
	–	–	–	–	203	–	–	203
Total	1 225	326	1 552	–	650	57	55	3 865
Paid by company	1 225	326	776	–	–	29	28	2 383
Equity-settled	–	–	–	–	650	–	–	650
Paid by subsidiary company	–	–	776	–	–	29	28	832
	1 225	326	1 552	–	650	57	55	3 865

[1] These are fees for services rendered in respect of the audit, risk, social and ethics, and retirement fund committees.

	Directors' fees R'000	Fees for other services R'000	Basic salary R'000	Performance related payments R'000	Share-based payment R'000	Value of other benefits R'000	Retirement fund contributions R'000	Total 2020 (R'000)
Executive directors								
CL Lloyd	–	–	–	125	331	–	–	456
D Franklin	–	–	1 218	160	398	58	40	1 874
	–	–	1 218	285	729	58	40	2 330
Non-executive directors								
MA Golding	327	69	–	–	–	–	–	396
PM Naylor	150	108	–	–	–	–	–	258
HB Roberts	131	69	–	–	–	–	–	200
LK Sebatane	131	30	–	–	–	–	–	161
MR Molosiwa	131	–	–	–	–	–	–	131
	870	276	–	–	–	–	–	1 146
Key management								
WD Nel	–	–	–	–	331	–	–	331
	–	–	–	–	331	–	–	331
Total	870	276	1 218	285	1 060	58	40	3 807
Paid by company	870	276	609	285	–	29	20	2 089
Equity-settled	–	–	–	–	1 060	–	–	1 060
Paid by subsidiary company	–	–	609	–	–	29	20	658
	870	276	1 218	285	1 060	58	40	3 807

31.2 Directors' interests in shares

	Number of shares	
	2021	2020
Ordinary and "N" Ordinary shares		
Held directly:		
CL Lloyd	**92 368**	73 896
D Franklin	**44 334**	22 167
	136 702	**96 063**
Effective interest held indirectly by directors and associates of directors via the holding company:**		
MA Golding	**4 262 863**	4 262 863
HB Roberts	**5 824 792**	5 824 792
CL Lloyd	**52 109**	41 689
	10 139 764	10 129 344
Held indirectly in the company:		
MA Golding	**2 214 747**	2 214 747
HB Roberts	**4 261 561**	4 261 561
	6 476 308	6 476 308

32. Employee incentive scheme

The Rex Trueform Share Trust ("the Share Trust") was created to facilitate an employee share incentive scheme. 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 with the opportunity to acquire an interest in the "N" ordinary share capital of the company.

The Share Trust currently holds 73 918 (2020: 20 291) "N" ordinary shares in reserve for future utilisation, of which none has been granted to employees.

	No. of share options as at 1 July 2020"	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	No. of share options as at 30 June 2021	Realised gains for the year ended 30 June 2021 (R'000)	Unrealised gains as at 30 June 2021 (R'000)
Executive directors									
CL Lloyd	**36 952**	–	**nil**	**nil**	**23-Jun-19**	**18 472**	**18 480**	**203**	**271**
D Franklin	**44 342**	–	**nil**	**nil**	**21-Jun-19**	**22 167**	**22 175**	**244**	**326**
	81 294	–				**40 639**	**40 655**	**447**	**597**
Senior executives									
WD Nel	**36 952**	–	**nil**	**nil**	**23-Jun-19**	**18 472**	**18 480**	**203**	**271**
CEA Radowsky	**29 561**	–	**nil**	**nil**	**24-Jun-19**	**14 778**	**14 783**	**162**	**217**
	66 513	–				**33 250**	**33 263**	**365**	**488**
Total	**147 807**	–				**73 889**	**73 918**	**812**	**1 085**
Average option price (Rand)							**nil**		

	No. 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	No. of share options as at 30 June 2020	Realised gains for the year ended 30 June 2020 (R'000)	Unrealised gains as at 30 June 2020 (R'000)
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		

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

33. Investment income

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Finance income				
Amounts receivable from subsidiary companies	–	–	**5 666**	5 771
Cash and cash equivalents	**3 329**	2 635	**1 959**	3 750
Loan receivable from holding company	**207**	162	**207**	162
	3 536	2 797	**7 832**	9 683
Accrued dividends on loan to associate	**17 213**	20 134	–	–
	20 749	22 931	**7 832**	9 683

34. Finance cost

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Interest on lease liabilities	**29 497**	35 299	–	–
Interest on loan payable	**7 305**	9 231	–	–
Other finance cost	**457**	207	**195**	42
	37 259	44 737	**195**	42

35. Income tax *

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Income tax	**5 871**	2 362	**4 104**	607
- current year	**5 872**	2 063	**4 104**	607
- prior year	**(1)**	299	–	–
Deferred tax (note 13)	**3 212**	(28 975)	**(145)**	3 665
- current year	**3 346**	(27 900)	**(145)**	4 430
- prior year	**(134)**	(1 075)	–	(765)
Total income tax	**9 083**	(26 613)	**3 959**	4 272

* Prior year figures restated. Refer to note 4.

35. Income tax *(continued)

Tax rate reconciliation:

	GROUP				COMPANY			
	2021 %	2021 R'000	2020 %	2020 R'000	2021 %	2021 R'000	2020 %	2020 R'000
Profit / (loss) before tax from continuing operations		**32 629**		(100 119)		**13 717**		19 705
Tax using the company's domestic tax rate	**28.0%**	**9 136**	28.0%	(28 033)	**28.0%**	**3 841**	28.0%	5 517
Effect of rates in foreign jurisdictions	**0.9%**	**306**	0.2%	(175)	**–**	**–**	–	–
Tax effect of:								
Share of loss of associate (net of taxation)	**0.8%**	**263**	(1.2%)	1 251	**–**	**–**	–	–
Equity-settled share-based payment	**0.3%**	**108**	(0.6%)	560	**0.8%**	**108**	1.8%	354
Other non-deductible expenses	**0.5%**	**151**	(0.0%)	26	**0.1%**	**11**	0.1%	14
Tax exempt income	**(0.0%)**	**(10)**	0.0%	(8)	**(0.0%)**	**(1)**	(4.3%)	(848)
Tax incentives from learnerships	**(0.5%)**	**(157)**	0.1%	(126)	**–**	**–**	–	–
Current-year (profit) / losses for which no deferred tax asset was recognised	**(1.8%)**	**(580)**	(0.7%)	668	**–**	**–**	–	–
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	**(0.4%)**	**(134)**	1.1%	(1 075)	**0.0%**	**–**	(3.9%)	(765)
Changes in estimates related to prior year	**(0.0%)**	**(1)**	(0.3%)	299	**–**	**–**	–	–
Total income tax	**27.8%**	**9 082**	26.6%	(26 613)	**28.9%**	**3 959**	21.7%	4 272

36. Discontinued operations

Management has considered the Namibian operations to be a separate segment based on the geographical location of the stores and the customers. During the current financial year all the stores located in Namibia were closed. The Namibian segment was therefore classified as a discontinued operation in the current reporting period. Comparative information has been re-presented accordingly.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Financial performance				
Revenue				
Retail sales	**2 878**	12 981	**–**	–
Cost of sales	**(1 480)**	(7 629)	**–**	–
Gross profit	**1 398**	5 352	**–**	–
Gain on lease cancellations	**1 724**	–	**–**	–
Loss on disposal of fixed assets	**(1 367)**	–	**–**	–
Depreciation, impairment and amortisation	**(222)**	(3 913)	**–**	–
Other operating costs	**(868)**	(3 741)	**–**	–
Operating profit	**665**	(2 302)	**–**	–
Finance costs	**(106)**	(319)	**–**	–
Profit / (loss) before tax	**559**	(2 621)	**–**	–
Income tax expense	**–**	–	**–**	–
Profit / (loss) for the period from discontinued operations	**559**	(2 621)	**–**	–
Cash flow information				
Net cash inflows from operating activities	**337**	1 345	**–**	–
Net cash outflows from financing activities	**(723)**	(1 267)	**–**	–
Net (decrease) / increase in cash and cash equivalents from discontinued operations	**(386)**	78	**–**	–

37. 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.

37.1 Basic and headline earnings per ordinary share

	Gross 2021 R'000	Net of taxation 2021 R'000	Gross 2020 R'000	Net of taxation 2020 R'000
Profit / (loss) attributable to equity holders		**23 095**		**(75 264)**
Adjusted for:				
Preference dividends attributable to preference shareholders		**(17)**		**(17)**
Profit / (loss) attributable to ordinary and "N" ordinary shareholders		**23 078**		**(75 281)**
Continuing operations		**22 519**		(72 660)
Discontinued operations		**559**		(2 621)
Adjusted for:				
Loss / (profit) from disposal of property, plant and equipment	**2 515**	**2 194**	(10)	(7)
Continuing operations	**1 148**	**827**	(10)	(7)
Discontinued operations	**1 367**	**1 367**	–	–
Impairment on right-of-use asset	**7 240**	**5 213**	77 817	56 576
Continuing operations	**7 240**	**5 213**	75 860	54 619
Discontinued operations	**–**	**–**	1 957	1 957
Non-headline earnings of associate				
Loss / (profit) from disposal of property, plant and equipment	**7**	**5**	(1)	(1)
Headline earnings		**30 490**		**(18 713)**

	Number of shares 2021	Number of shares 2020
Issued shares net of treasury shares at beginning of year	**20 813 158**	20 752 159
Weighted average number of shares issued and repurchased during the reporting period	**(11 525)**	1 555
Weighted average number of ordinary and "N" ordinary shares in issue	**20 801 633**	20 753 714
Basic earnings per ordinary share (cents)	**110.9**	(362.7)
Continuing operations	**108.3**	(350.1)
Discontinued operations	**2.6**	(12.6)
Headline earnings per ordinary share (cents)	**146.6**	(90.2)
Continuing operations	**137.3**	(87.0)
Discontinued operations	**9.3**	(3.2)

37. Earnings per share (continued)

37.2 Diluted headline earnings per ordinary share

	Number of shares	
	2021	2020
Weighted average number of ordinary and "N" ordinary shares in issue	**20 801 633**	20 753 714
Dilutive effect of share options	**73 918**	147 807
Weighted average number of diluted ordinary and "N" ordinary shares	**20 875 551**	20 901 521
Diluted earnings per ordinary share (cents)	**110.6**	(360.2)
Continuing operations	**107.9**	(347.7)
Discontinued operations	**2.7**	(12.5)
Diluted headline earnings per ordinary share (cents)	**146.1**	(89.5)
Continuing operations	**143.4**	(76.9)
Discontinued operations	**2.7**	(12.6)

38. Related party transactions and balances

The group has disclosed all significant related party transactions in terms of IAS 24 Related Party Disclosure.

Shareholders

The group's 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 pages 74. Directors' shareholding is disclosed in the directors' report and in note 31.

Subsidiaries

Intragroup transactions and balances with subsidiaries, listed in note 9, 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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Goods purchased				
- Queenspark Proprietary Limited	–	–	**118**	123
Rental income received				
- Queenspark Proprietary Limited	–	–	**2 331**	1 972
Rental income received				
- Queenspark Proprietary Limited	–	–	**546**	540
Management and administration fees received				
- Ombrecorp Trading (RF) Proprietary Limited	–	–	**2 179**	3 107
- Queenspark Proprietary Limited	–	–	**1 306**	658
- Queenspark Distribution Centre Proprietary Limited	–	–	**95**	–
- SA Water Works Holding Company (RF) Proprietary Limited	**2 722**	3 191	**606**	150
Management and administration fees paid				
- Geomer Managerial Services Proprietary Limited 2	**2 520**	2 400	**2 520**	2 400
- Queenspark Proprietary Limited	–	–	**1 350**	2 374
Finance income				
- African and Overseas Enterprises Limited	**208**	161	**208**	161
- Ombrecorp Trading (RF) Proprietary Limited	–	–	**5 568**	7 010
- Queenspark Proprietary Limited	–	–	**96**	1 677
Accrued dividends on loan to associate				
- SA Water Works Holding Company (RF) Proprietary Limited	**17 213**	20 134	–	–
Dividend income				
- Queenspark Distribution Centre Proprietary Limited	–	–	–	3 000
Related party balances during the period were as follows:				
Loans receivable				
- African and Overseas Enterprises Limited	**4 029**	2 208	**4 029**	2 208
- Ombrecorp Trading (RF) Proprietary Limited	–	–	**62 612**	62 509
- Queenspark Proprietary Limited	–	–	–	16 221
- Rex Trueform Share Trust	–	–	**293**	–
- SA Water Works Holding Company (RF) Proprietary Limited	**151 717**	149 670	–	–
- Unsecured loans to share scheme participants[1]	**552**	540	**552**	540
Current accounts receivable				
- Ombrecorp Trading (RF) Proprietary Limited	–	–	**72**	1 296
- Queenspark Proprietary Limited	–	–	–	404
- Queenspark Distribution Centre Proprietary Limited	–	–	–	13
- Rex Trueform Share Trust	–	–	–	6
- SA Water Works Holding Company (RF) Proprietary Limited	–	1 412	–	215
Current accounts payable				
- Geomer Managerial Services Proprietary Limited[2]	–	345	–	345
- Queenspark Proprietary Limited	–	–	–	157

[1] Includes a loan to a director of R 552 000 (2020: R 540 000)
[2] Indirectly controlled by MA Golding

38. Related party transactions and balances (continued)

The 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, at the reporting date amounting to Rnil (2020: R396 000).

Directors

Details relating to executive and non-executive directors' remuneration is disclosed in note 31.

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 31.

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.

39. Notes to statement of cash flows

39.1 Operating profit before working capital changes

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Operating profit before working capital changes				
Profit / (loss) before taxation	**32 629**	(100 119)	**13 717**	19 705
Discontinued operation	**559**	(2 621)	**–**	–
Adjusted for:				
Amortisation	**3 975**	3 613	**–**	–
Depreciation and impairment charges	**79 285**	175 850	**2 480**	2 809
Dividends received	**(38)**	(29)	**(4)**	(3 029)
Finance income	**(20 749)**	(22 931)	**(7 832)**	(9 683)
Finance cost	**37 365**	45 056	**195**	42
Loss / (profit) on disposal of property, plant and equipment	**2 515**	(10)	**–**	–
Unrealised foreign exchange (gain) / loss	**174**	(294)	**–**	–
Gain on lease modifications	**(29 307)**	(1 396)	**–**	–
Flooring allowances received	**–**	960	**–**	–
Share of loss from associate (including dilution loss and gain on bargain purchase)	**939**	4 473	**–**	–
Equity-settled share-based payment	**1 296**	3 060	**1 036**	2 323
Movement in post-retirement liability	**(125)**	(87)	**(125)**	(87)
Movement in inventory provision	**(13 011)**	10 290	**–**	–
	95 507	115 815	**9 467**	12 080

39.2 Working capital changes *

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Decrease / (Increase) decrease in inventories	**43 454**	(21 333)	**–**	–
(Increase) / decrease in trade and other receivables	**(8 320)**	10 424	**285**	588
Decrease / (increase) in amounts receivable by subsidiary companies	**–**	–	**1 490**	(1 644)
Increase / (decrease) in trade and other payables and provisions	**1 886**	26 936	**(1 089)**	1 379
	37 020	16 027	**686**	323

39.3 Investment income received

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Finance income – Amounts receivable from subsidiary companies (refer note 9)	**–**	–	**6 303**	1 541
Finance income – Cash and cash equivalents (refer to note 16)	**3 329**	2 635	**1 959**	3 030
Finance income – Loan receivable (refer to note 12)	**–**	99	**–**	99
Accrued dividends – Loan to associate (refer to note 10)	**15 166**	4 924	**–**	–
	18 495	7 658	**8 262**	4 670

39.4 Interest paid

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Loan payable (refer to note 12)	(7 425)	(2 244)	–	–
Lease liability (refer to note 23)	(29 604)	(35 617)	–	–
Other	(261)	(208)	–	(42)
	(37 290)	(38 069)	–	(42)

39.5 Dividends paid

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Dividend on 6% cumulative preference shares	**(17)**	(17)	**(17)**	(17)
	(17)	(17)	**(17)**	(17)

39.6 Dividends received

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Dividends received from subsidiary companies	**–**	–	**–**	3 000
Dividends received other	**38**	29	**4**	29
	38	29	**4**	3 029

39. Notes to statement of cash flows (continued)

39.7 Taxation paid

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Amounts unpaid at the beginning of the year	**–**	(693)	**–**	–
Amounts overpaid at the beginning of the year	**5 670**	6	**43**	-
Amounts charged to profit or loss	**(5 871)**	(2 362)	**(4 104)**	(607)
Amounts overpaid at the end of the year	**(211)**	(5 670)	**(38)**	(43)
	(412)	(8 719)	**(4 099)**	(650)
Comprising:				
Income tax paid	**(412)**	(8 719)	**(4 099)**	(650)

39.8 Loan advanced *

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Loans to subsidiary company (refer to note 9)	**–**	–	**(950)**	–
Unsecured loans to share scheme participants - related party (refer to note 12)	**(12)**	(16)	**(12)**	(16)
Loans to holding company (refer to note 12)	**(1 614)**	(1 333)	**(1 614)**	(1 744)
	(1 626)	(1 349)	**(2 576)**	(1 760)

39.9 Loan repaid *

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Loan to subsidiary company (refer to note 9)	**–**	–	**15 481**	3 149
Unsecured loans to share scheme participants - related party (refer to note 12)	**–**	524	**–**	524
Loans to holding company (refer to note 12)	**–**	510	**–**	411
	–	1 034	**15 481**	4 084

* Prior year figures restated. Refer to note 4.

40. Segment 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

Property - comprising of 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 Kwa-Zulu Natal.

Group services - manages the group's corporate responsibilities and includes corporate costs. Not considered to be a separate operating segment, with information included for reconciliation purposes.

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.

	Retail R"000	Property R'000	Water infrastructure R'000	Group services R'000	Inter-segment eliminations R'000	Total 2021 R'000
Revenue						
Retail sales	**464 961**	**–**	**–**	**–**	**–**	**464 961**
Management fee income	**1 785**	**–**	**2 116**	**4 186**	**(5 365)**	**2 722**
Rental income	**–**	**26 652**	**–**	**–**	**(6 799)**	**19 853**
Tenant recoveries	**–**	**4 922**	**–**	**–**	**(1 069)**	**3 853**
Dividend income	**–**	**–**	**34**	**4**	**–**	**38**
Total group revenue	**466 746**	**31 574**	**2 150**	**4 190**	**(13 233)**	**491 427**
Depreciation and amortisation	**72 931**	**2 867**	**–**	**–**	**–**	**75 798**
Impairment	**7 240**	**–**	**–**	**–**	**–**	**7 240**
Operating profit / (loss)	**42 099**	**15 364**	**(122)**	**(7 263)**	**–**	**50 078**
Finance income	**1 445**	**88**	**17 213**	**7 839**	**(5 836)**	**20 749**
Finance cost	**(30 023)**	**–**	**(12 877)**	**(195)**	**5 836**	**(37 259)**
Share of loss of associate	**–**	**–**	**(939)**	**–**	**–**	**(939)**
Income tax	**(3 356)**	**(4 326)**	**(1 171)**	**(230)**	**–**	**(9 083)**
Profit for the year	**10 165**	**11 125**	**2 104**	**152**	**–**	**23 546**
Segment assets	**420 839**	**72 600**	**170 146**	**127 117**	**(67 520)**	**723 182**
Segment liabilities	**(343 717)**	**(7 783)**	**(144 943)**	**(12 838)**	**63 294**	**(445 987)**
Capital expenditure	**4 436**	**130**	**–**	**–**	**–**	**4 566**

	Retail R"000	Property R'000	Water infrastructure R'000	Group services R'000	Inter-segment eliminations R'000	Total 2020 R'000
Revenue	565 765	–	–	–	–	565 765
Retail sales	3 142	–	3 041	3 924	(6 916)	3 191
Management fee income	–	25 045	–	–	(5 708)	19 337
Rental income	–	5 494	–	–	(1 346)	4 148
Tenant recoveries	–	–	–	29	–	29
Dividend income	10	–	–	–	–	10
Total group revenue	568 917	30 539	3 041	3 953	(13 970)	592 480
Depreciation and amortisation	96 496	3 194	–	–	–	99 690
Impairment	75 860	–	–	–	–	75 860
Operating (loss) / profit	(85 042)	14 204	(150)	(2 852)	–	(73 840)
Finance income	2 040	151	20 134	9 688	(9 082)	22 931
Finance cost	(37 508)	(1)	(16 268)	(42)	9 082	(44 737)
Share of loss of associate	–	–	(4 473)	–	–	(4 473)
Income tax	32 341	(4 020)	(1 042)	(666)	–	26 613
(Loss) / profit for the year	(88 169)	10 334	(1 799)	6 128	–	(73 506)
Segment assets	510 088	73 876	169 797	114 558	(86 331)	781 988
Segment liabilities	(450 083)	(8 688)	(146 698)	(12 923)	88 999	(529 393)
Capital expenditure	17 102	392	–	–	–	17 494

41. 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 group 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. The rent paid is classified as variable lease payments. A 10% increase in store turnover is estimated to increase annual rental payments for these stores by R107,000 (2020: R131,000).

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

	GROUP	
	2021 R' 000	2020 R' 000
Amounts recognised in the statement of financial position		
Capital repayments on lease liabilities	**(66 753)**	(57 495)
Amounts recognised in profit or loss		
Interest on lease liabilities	**29 497**	35 299
Lease expenses (refer to note 30)	**22 126**	23 249
Short term lease expense	**3 548**	5 948
Variable lease payments	**1 066**	1 312
Operating marketing and variable costs	**17 512**	15 989
Depreciation - right-of-use asset	**52 718**	74 351
Impairment - right-of-use asset	**7 240**	75 860
Rent concessions received	**(29 169)**	(1 432)
Amounts recognised in statement of cash flows		
Cash outflows for leases	**89 207**	114 611

Extension options

Some property leases contain extension options exercisable by the group up to one year before the end of the non-cancellable contract period. Where practicable, the group 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 group 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 2021.

42. Events subsequent to the reporting date

Civil unrest which took place in KwaZulu-Natal and in parts of Gauteng in July 2021 resulted in all the stores in KwaZulu-Natal and a few stores in Gauteng closing over the days of the civil unrest. Two stores in KwaZulu-Natal were damaged in the unrest and the loss of fixed assets and inventory at the two stores and the theft of equipment at a third party location are estimated to be R0.7m. The group is covered by SASRIA insurance cover for damage to fixed assets and stock loss. The accounting for the losses may take place in a reporting period which is different to that in which the insurance recovery is recorded.

In July 2021, Transnet, the port operating company in South Africa, announced that its computer systems were hacked causing major disruptions to all of its port operations. The situation was subsequently remedied with no material impact on the group or its results.

In November 2020, the group together with its holding company, African and Overseas Enterprises Limited, entered into a sale of shares agreement subject to certain suspensive conditions, to acquire 75% of Telemedia Proprietary Limited for a consideration of R67.5m to be settled in cash and shares, with the group acquiring a 63.71% stake for a consideration of R57.5m. The last outstanding suspensive condition was the written consent from the Independent Communications Authority of South Africa ("ICASA"). Also refer to SENS issued on 13 November 2020, 10 May 2021, 18 June 2021 and 28 August 2021.

During the month of September 2021 the group purchased an additional 2 712 989 shares in Texton Property Fund Limited ("Texton") for a total consideration of R9.3m. Texton is a Real Estate Investment Trust ("REIT") listed on the JSE Limited and the shares were purchased in the open market.

There is no other matter or circumstance which is material to the financial affairs of the company, which has occurred between 30 June 2021 and the date of approval of the financial statements, that has not been otherwise dealt with in the financial statements.

43. Impact of COVID-19 and Going concern

Retail segment turnover was severely impacted in the second half of the prior financial year when clothing sales were prohibited under Level 5 lockdown and later subject to restrictions under Level 4. The country has been through varying levels of lockdown restrictions during the current financial year, none of which restricted clothing sales, and is currently under adjusted level 2. Turnover has not yet fully recovered to pre COVID-19 levels. With regard to lease commitments, management has continued to seek rental relief on arrears as well as the renegotiation of current leases with landlords. Short term rental relief received during the year under review amounted to R29.2m (2020: R1.4m) and was recognised in profit and loss in terms of the amendment to IFRS 16. Leases that were favourably renewed or terminated during the year further resulted in gains on lease modifications amounting to R27.0m (2020: R1.4m) recognised in the current financial year. The full R 27.0m has been recognised in the Statement of Comprehensive income as the related right-of-use assets were fully impaired. Right-of-use lease assets relating to loss-making and low-profitability stores amounting to R7.2m (2020: R75.5m) were impaired during the financial year

COVID-19 and the ongoing lockdown restrictions is having a negative impact on the property sector, particularly in the retail and office segments in which the group operates. Rental relief amounting to R0.5m (2020: R0.9m) was granted during the financial year. Vacancies increased to 9.4% (2020: 1.1%) as at 30 June 2021. No significant unforeseen expenses were incurred relating to COVID-19 compliance.

With the provision of water and santiation being an essential service the operations of the group's water infrastructure investment could continue operating despite restrictions imposed the various lockdown levels. Measures taken to mitigate the impact of COVID-19 include improved health and safety measures, cost-cutting, management of cash flow and securing the supply of materials essential to deliver services.

Despite the impact of COVID-19 on operations, the group is sufficiently capitalised and has sufficient cash resources to settle debts as they fall due. Cash and cash equivalents held by the group as at 30 June 2021 amounted to R110.6m (2020: R72.4m).

The financial statements have been prepared on the going concern basis. 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 directors are satisfied 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.

UNAUDITED SHAREHOLDERS' INFORMATION

Analysis of shareholders at 30 June 2021

	Ordinary Number of shareholders	%	"N" ordinary Number of shareholders	%	Preference Number of shareholders	%
Public shareholders	**249**	**98.4**	**214**	**95.3**	**16**	**80.0**
Companies and close corporations	19	7.5	16	7.1	1	5.0
Individuals	217	85.8	181	80.5	12	60.0
Insurance companies, nominees and trusts	11	4.3	17	7.7	3	15.0
Mutual funds and pension funds	2	0.8	–	–	–	–
Non-public shareholders	**4**	**1.6**	**11**	**4.7**	**4**	**20.0**
African and Overseas Enterprises Limited	1	0.4	1	0.4	1	5.0
Rex Trueform Share Trust	–	–	3	1.3	–	–
Geomer Investments Proprietary Limited*	1	0.4	1	0.4	–	–
Ceejay Trust**	1	0.4	2	0.9	–	–
Gingko Investments 2 Proprietary Limited**	1	0.4	1	0.4	–	–
Old Sillery Proprietary Limited	–	–	–	–	1	5.0
MacDonald, AP	–	–	–	–	1	5.0
Lombard, L	–	–	–	–	1	5.0
Directors and employees***	–	–	3	1.3	–	–
	253	**100.0**	**225**	**100.0**	**20**	**100.0**

	Number of shares	%	Number of shares	%	Number of shares	%
Public shareholders	**292 478**	**10.1**	**2 433 520**	**13.5**	**15 713**	**11.2**
Companies and close corporations	57 039	2.0	1 469 876	8.1	100	0.1
Individuals	206 824	7.1	501 591	2.8	14 188	10.1
Insurance companies, nominees and trusts	19 147	0.7	462 053	2.6	1 425	1.0
Mutual funds and pension funds	9 468	0.3	–	–	–	–
Non-public shareholders	**2 613 327**	**89.9**	**15 494 124**	**86.5**	**124 287**	**88.8**
African and Overseas Enterprises Limited	2 110 169	72.6	9 212 565	51.4	825	0.6
Rex Trueform Share Trust	–	–	73 918	0.4	–	–
Geomer Investments Proprietary Limited*	174 944	6.0	2 039 803	11.4	–	–
Ceejay Trust**	254 463	8.8	3 095 343	17.3	–	–
Gingko Investments 2 Proprietary Limited**	73 751	2.5	828 647	4.6	–	–
Old Sillery Proprietary Limited	–	–	–	–	48 417	34.6
MacDonald, AP	–	–	–	–	47 260	33.8
Lombard, L	–	–	–	–	27 785	19.8
Directors and employees***	–	–	243 848	1.4	–	–
	2 905 805	**100.0**	**17 927 644**	**100.0**	**140 000**	**100.0**

Shareholders holding 5% or more of share capital	Number of shares	%	Number of shares	%	Number of shares	%
African and Overseas Enterprises Limited	2 110 169	72.6	9 212 565	51.4	825	0.6
Ceejay Trust**	254 463	8.8	3 095 343	17.3	–	–
Geomer Investments Proprietary Limited*	174 944	6.0	2 039 803	11.4	–	–
Traclo Proprietary Limited	20 042	0.7	1 304 842	7.3	–	–
Gingko Investments 2 Proprietary Limited**	73 751	2.5	828 647	4.6	–	–
Old Sillery Proprietary Limited	–	–	–	–	48 417	34.6
MacDonald, AP	–	–	–	–	47 260	33.8
Lombard, L	–	–	–	–	27 785	19.8
	2 633 369	90.6	16 481 200	92.0	124 287	88.8

* An associate of MA Golding.
** An associate of HB Roberts.
*** Held by CL Lloyd, WD Nel and D Franklin.

Corporate Information

REX TRUEFORM GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1937/009839/06)
JSE share codes: RTO – RTN – RTOP
ISIN: ZAE000250387 – ZAE000250395 – ZAE000250403

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

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Sponsors

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

Auditors

PricewaterhouseCoopers Inc.
5 Silo Square, V&A Waterfront
Cape Town, 8002
(PO Box 2799, Cape Town, 8001)

Principal banker

The Standard Bank of South Africa Limited

Website addresses

http://www.rextrueform.com

http://www.queenspark.com