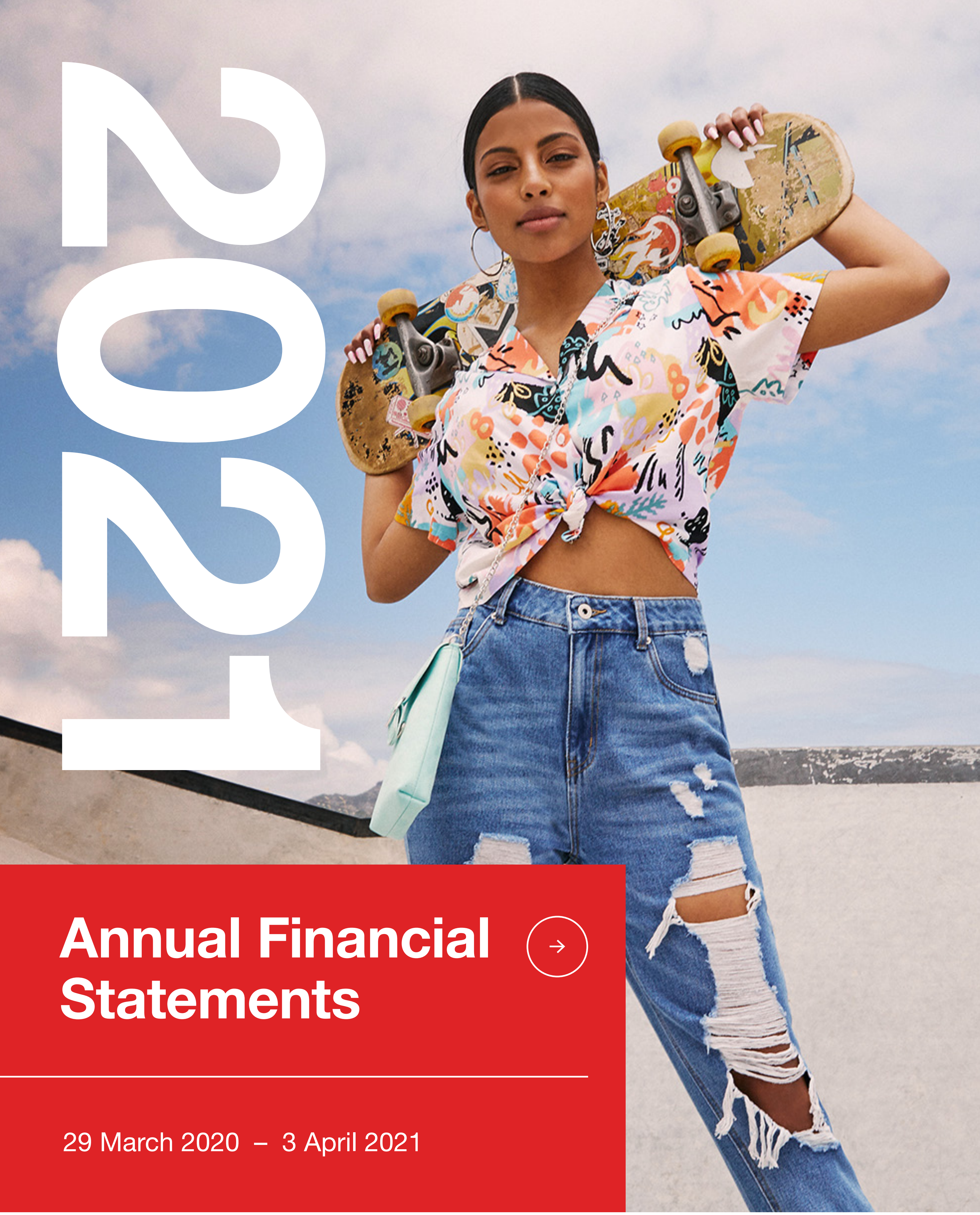


2021

Annual Financial Statements

29 March 2020 – 3 April 2021

mr price group limited

04

The Numbers

Primary statements
The primary statements are included at the beginning of the annual financial statements and include note references to specific underlying detailed notes.

Notes to the annual financial statements
The notes to the financial statements have been re-ordered on the basis set out in note 1.

Accounting policies
The principle accounting policies applied in the preparation of these annual financial statements are included in the specified notes to which they relate and are indicated with a red line on the left.

Significant accounting estimates
The key assumptions concerning the future and other key sources of information uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out in the relevant notes.

Contents

1: Statutory Information

2: Primary Statements

3: Notes to the Financial Statements

The Numbers

Approval of the Annual Financial Statements

The preparation and presentation of the annual financial statements and all information included in this report are the responsibility of the directors. The annual financial statements were prepared in accordance with the provisions of the Companies Act and comply with International Financial Reporting Standards (IFRS), as issued by the Accounting Practices Board and its successors, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements. In discharging their responsibilities, both for the integrity and fairness of these annual financial statements, the directors rely on the internal controls and risk management procedures applied by management.

Based on the information and explanations provided by management and the internal auditors and on comment by the independent auditor on the results of their statutory audit, the directors are of the opinion that:

- the internal controls are adequate
- the financial records may be relied upon in the preparation of the annual financial statements
- appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have been applied
- the annual financial statements fairly present the results and the financial position of the company and the group.

The annual financial statements are prepared on the going concern basis and nothing has come to the attention of the directors to indicate that the company and the group will not remain a going concern.

These annual financial statements as at 3 April 2021 have been prepared under the supervision of the chief financial officer, Mr MJ Stirton CA (SA).

The annual financial statements of the company and the group were approved by the board on 11 June 2021 and are signed on its behalf by:

NG Payne
Chairman

MM Blair
Chief executive officer

Company secretary statement

I hereby certify that the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

J Cheadle
Company secretary
11 June 2021

CEO and CFO Responsibility Statement

for the year ended 3 April 2021

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 172 to 245, fairly present in all material respects the financial position, financial performance and cash flows of the issuer 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 issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- 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.

MM Blair
Chief executive officer

MJ Stirton
Chief financial officer

Report of the Directors

Nature of business

The main business of the group is omni-channel retail distribution through 1 418 corporate-owned stores, 8 franchised stores in the rest of Africa and its online channels. The retail chains focus on clothing, footwear, sportswear, sporting goods, accessories and homewares, while the financial services division provides credit, insurance and cellular products and services.

Corporate governance

The directors subscribe to the values of good corporate governance report as set out in the King IV report on Corporate Governance for South Africa 2016 (King IV). By supporting King IV the directors have recognised the need to conduct the business with integrity and to account to stakeholders in accordance with IFRS. Refer to the Board report in the annual integrated report on pages 68 to 81.

Retail calendar

The group reports on the retail calendar of trading weeks incorporating trade from Sunday to Saturday each week. Accordingly the results for the financial year under review are for a 53 week period from 29 March 2020 to 3 April 2021 (2020: 31 March 2019 to 28 March 2020).

Business Acquisition

Effective 1 April 2021, the group acquired the business assets of value retailer, Power Fashion, including 100% of the issued share capital in Enterprise Stores Proprietary Limited and Otto Bros Lesotho Holdings Proprietary Limited for a combined consideration of R1 538m. Power Fashion has 174 stores across Southern Africa and its differentiated business model gives the group access to a wider customer base and the opportunity to significantly scale further. The acquisition has been approved by the relevant regulatory authorities.

The group has measured the identifiable assets and liabilities of Power Fashion at their acquisition date fair values.

Financial results

The financial results of the company and the group are set out in the statements of comprehensive income on page 173.

Dividends

Ordinary and B ordinary dividends

It is the group's policy to make two dividend payments each year, an interim in December and a final in June.
Interim: A cash dividend of 210.1 cents per share (2020: 311.4 cents per share) was paid on 21 December 2020 to shareholders registered on 18 December 2020.

Final: A cash dividend of 462.70 cents per share (2020: nil) has been declared payable on 28 June 2021 to shareholders registered on 25 June 2021.

Solvency and liquidity test

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

Consolidated entities

The aggregate amount of group profits and losses after taxation attributable to consolidated entities was:

R'm	2021	2020
Profits	**146**	87
Losses	**(119)**	(50)
	27	37

Net shareholders' equity

Authorised and issued share capital

There were no changes to authorised share capital. During the year 205 944 B ordinary shares were converted to ordinary shares.

Subsequent events

Refer to note 36.

In March 2021, the group entered into an agreement to purchase 100% of the issued share capital of the group of companies comprising the Yuppiechef business, a privately-owned South African omni-channel retail business primarily focused on kitchenware. The transaction is subject to the fulfillment of both regulatory and commercial suspensive conditions which includes competition authority approval. The transaction is expected to close in June, with effective control from 1 July 2021.

Refer to note 24.

During May 2021, shortly before the case relating to the disallowance of an income tax deduction claimed in the 2014 year of assessment was due to be heard in the tax court, SARS reconsidered the matter and allowed the company's appeal in full based on certain procedural issues.

Other than this, no event, material to the understanding of this report, has occurred between the financial year end and the date of this report.

Directorate

Lucia Swartz was appointed as an independent non-executive director to the board of directors with effect from 1 August 2020.

Bobby Johnston resigned from the group as an independent non-executive director and as a member of the Audit and Compliance committee with effect from 27 August 2020. Bobby was associated with the group for over 26 years and was appointed to the board in February 1998.

Brenda Niehaus resigned from the group as an independent non-executive director and member of the Risk and IT committee with effect from 31 December 2020.

Jane Canny was appointed as an independent non-executive director to the Board and member of the Risk and IT committee with effect from 8 March 2021.

Particulars of the present directors and company secretary are provided on pages 70,71 and 80 of the annual integrated report. None of the directors have long-term service contracts with the company or any of its consolidated entities.

Emoluments

Details of emoluments paid to executive and non-executive directors are set out in the Remuneration report in the annual integrated report pages 100 to 127 and note 27 and note 35.

Interest in shares of the company

At the financial year end the Directors were interested in the company's issued shares as follows:

Ordinary shares

	2021							2020						
	Direct beneficial	Indirect beneficial	Held by associate	**Total**	%	Shares used as security	%	Direct beneficial	Indirect beneficial	Held by associate	**Total**	%	Shares used as security	%
Mark Blair	404 346	-	-	**404 346**	0.16	-	-	237 348	-	-	**237 348**	0.09	-	-
Mark Stirton	162 865	-	-	**162 865**	0.06	-	-	64 839	-	-	**64 839**	0.03	-	-
Stewart Cohen	15 875	-	44 588	**60 463**	0.02	-	-	15 875	-	44 588	**60 463**	0.02	-	-
Steve Ellis	160 640	-	-	**160 640**	0.06	-	-	132 224	-	-	**132 224**	0.05	-	-
Keith Getz	-	-	20 000	**20 000**	0.01	-	-	-	-	20 000	**20 000**	0.01	-	-
Bobby Johnston	-	-	85 500	**85 500**	0.03	-	-	-	-	91 250	**91 250**	0.04	-	-
Total	**743 726**	**-**	**150 088**	**893 814**	**0.34**	**-**	**-**	**450 286**	**-**	**155 838**	**606 124**	**0.24**	**-**	**-**
Total ordinary issued share capital				**255 945 150**							**257 045 727**			

B Ordinary shares

	2021							2020						
	Direct beneficial	Indirect beneficial	Held by associate	**Total**	%	Shares used as security	%	Direct beneficial	Indirect beneficial	Held by associate	**Total**	%	Shares used as security	%
Stewart Cohen	-	3 044 056	-	**3 044 056**	39.59	838 204	10.90	-	3 250 000	-	**3 250 000**	41.16	1 044 148	13.23
Bobby Johnston	-	-	46 504	**46 504**	0.60	-	-	-	-	46 504	**46 504**	0.59	-	-
Total	**-**	**3 044 056**	**46 504**	**3 090 560**	**40.19**	**838 204**	**10.90**	**-**	**3 250 000**	**46 504**	**3 296 504**	**41.75**	**1 044 148**	**13.23**
Total B ordinary issued share capital				**7 689 290**							**7 895 234**			

	Ordinary	**B Ordinary**
Issued share capital 2020	257 045 727	7 895 234
Issued share capital 2021	255 945 150	7 689 290

Notes:

1. The following FSP shares were forfeited during the F2021 reporting period due to performance hurdles not being reached:
1.1 M Blair 70 751 shares
1.2 S Ellis 16 871 shares

2. The group entered into a share buy-back programme and repurchased and subsequently cancelled the following shares -
2.1 674 869 Ordinary shares on 2 October 2020
2.2 260 403 Ordinary shares on 22 October 2020
2.3 271 678 Ordinary shares on 3 November 2020
2.4 99 571 Ordinary shares on 12 November 2020,
Consequently the Ordinary share capital decreased by 1 306 521 to 255 739 206 following the buy-backs (and before the B Ordinary share conversions in note 3 below).

3. Catregav Investment Trust converted 205 944 B Ordinary Shares to Ordinary shares on 12 February 2021.
Consequently, the issued B ordinary share capital has reduced by 205 944 to 7 689 290 B Ordinary shares and the issued Ordinary share capital has increased by 205 944 to 255 945 150.

4. The 4 598 730 B ordinary shares not detailed above are held by:
4.1 Trusts (1 397 618 shares) of which Bobby Johnston's major children are beneficiaries. Bobby Johnston has no direct or indierect beneficial ownership in these shares and has relinquished all voting rights thereto.
4.2 Laurie Chiappini (3 200 912 shares).
4.3 Allister McArthur (200 shares).

5. Indirect beneficial holdings by Stewart Cohen includes 832 204 B ordinary shares which are used as security.

6. Bobby Johnston retired as director on 27 August 2020. The change of shareholding occurred after retirement.

7. The below change took place between year end and the date of approval of these financial statements -
7.1 S Ellis Acceptance of Share Appreciation Rights - 1 563 Direct Beneficial shares
7.2 S Ellis Acceptance of Conditional Rights - 1 563 Direct Beneficial shares

Audit and Compliance Committee Report

The main impact of this committee's deliberations on the group's value creation elements is reflected below:

Capitals

F I S

Stakeholders

Business Activities

King IV™ Governance Outcomes

- Good performance
- Effective control

Strategic Pillars

Sustainable Development Goals

Role

The committee is constituted as a statutory committee in respect of its duties in terms of section 94(7) of the Companies Act (71 of 2008) and has been delegated the responsibility to provide meaningful oversight of the internal and external audit, finance and compliance functions. The committee mandate is published on the group's website www.mrpricegroup.com. The committee members, their qualifications and experience, the number of meetings held and attendance at meetings is detailed in the board report on pages 70, 71 and 79.

The committee provides independent oversight of the effectiveness of the group's assurance and compliance functions and services, with particular focus on combined assurance arrangements (including external assurance service providers, internal audit and the finance function) and the integrity of the annual financial statements and, to the extent delegated by the board, other external reports issued by the group. In doing so, it assists the board to discharge its responsibility to:

- Safeguard the group's assets
- Operate adequate and effective systems of internal controls, financial risk management and governance
- Issue materially accurate financial reporting information and statements in compliance with applicable legal and regulatory requirements and accounting standards
- Monitor compliance with laws, regulations and adopted non-binding rules, codes and standards
- Provide oversight of the external and internal audit functions

Key areas of focus for the reporting period were:

- Ensuring alignment between assurance efforts and risks associated with the COVID-19 pandemic
- Monitoring the group's fiscal performance and financial capital allocation activities
- Overseeing the transition of internal audit from in-house to outsourced
- Conducting the suitability assessment of the external auditor and audit partner
- Formulating a suitable approach to assess the capabilities and suitability of qualifying audit firms for purposes of mandatory auditor firm rotation effective in FY2023
- Monitoring the interpretation and impact of IFRS 16 amendments
- Overseeing ongoing regulatory, tax, legal, compliance and credit matters
- Considering the impact of the JSE Listings Requirements (LR) amendments on financial reporting and compliance
- Ensuring readiness for internal financial control attestation by management

Committee statement

The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2021 financial year, including duties in terms of the Companies Act, JSE LR and King IV™.

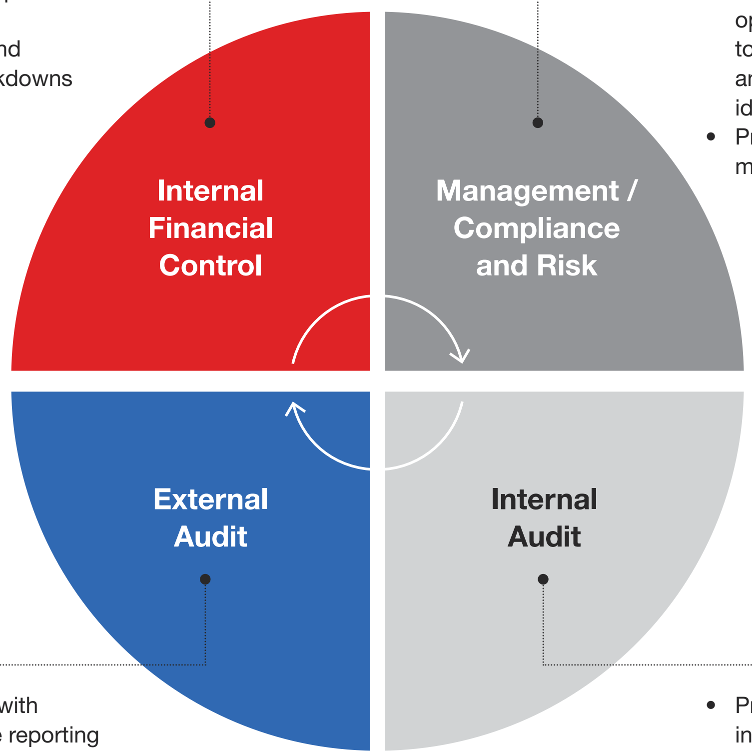
Having given due consideration, the committee believes and confirms that Mark Stirton, who is the financial director and carries the title chief financial officer (CFO), possesses the appropriate expertise and experience to effectively fulfil his responsibilities. The committee is also of the view that the group's financial function incorporates the necessary expertise, resources and experience to adequately and effectively carry out its assurance role.

Integrated Assurance

As the group embarks on its vision to be the most valuable retailer in Africa, reliable risk assurance mechanisms — that preserve and protect its future —are needed if the group is to respond to this ambitious goal.

- Processes to manage operational risks and performance
- Processes to identify and remediate control breakdowns

- Works closely with operational management to monitor processes and controls to mitigate identified risks
- Provides oversight over management functions



- Provides shareholders with independent assurance reporting information
- Provides information on financial risk and reporting (to the board and senior management)

- Provides objective and independent assurance of the adequacy and effectiveness of internal controls, risk management and governance

An integrated and responsive assurance discipline supports the group's pursuit of success, with sustainability being the core goal. Critical to success is the ability to embed a group-wide culture to promote risk-taking quickly and more confidently. The coordination of current and future assurance mechanisms enables such confidence. The road to success is guarded by rails of assurance, enabling faster navigation and a greater probability of success. *"We make and act upon key decisions faster than our competitors, speed is our advantage"* – Founders Mentality.

A myriad of assurance providers currently exist in varying forms across divisions and functional areas. The group is mindful that assurance fatigue so to counter this, integrated assurance eliminates assurance that does not deliver value or is duplicated and focuses efforts on key areas to enable future success. *"We simplify initiatives and focus on the biggest value adding priorities appropriate for our value model"* – Founders Mentality.

The journey towards achieving fully integrated assurance commenced on 1 July 2020. Activities completed to date include:

Internal Financial Control

- The approval of a multi-year audit plan linked to key risks
- An internal financial control assessment to support the CEO's and CFO's attestation required by the JSE LR at year-end. The control self-assessment was implemented to support internal control health validation

Management / Compliance and Risk

- Repositioning and elevating the enterprise risk management (ERM) lead role as a crucial voice in strategic decision making
- The completion of a dynamic risk assessment, providing an informed top-down view of the group's key risks, their interconnectivity and velocity
- Completion of a risk maturity assessment that provides an accurate score of maturity, the desired state and the activities to be achieved within targeted dates
- Alignment of trading division and centre of excellence strategies to key risks thereby improving the risk culture of the business.
- Systemised tracking of risk mitigation activities committed to by risk owners

Internal Audit

- The implementation of a high-risk findings register action tracker
- Alignment of internal and external audit activities to ensure reliance
- The outsourcing of the internal audit function so that the group required assurance skills and tools are available without additional investment

External Audit

- Preparation for the external auditor rotation in FY2023
- Alignment of internal and external audit activities to ensure reliance

The informed view of the group's risk landscape (as included in the strategy, material matters and key risks section on pages 38 - 51), albeit dynamic, allows the committee to tackle the vital phase of obtaining assurance on the effectiveness of the risk mitigation strategies in place or committed to. The next phase will include the following activities:

- A roadmap to achieve the appropriate and desired risk maturity score
- Compilation and approval by the audit and compliance committee (ACC) and risk and IT committee (RITC) of a group-wide integrated assurance policy
- The implementation of the associated frameworks to achieve integrated assurance
- Agreement on the group's risk appetite and risk tolerance by functional area
- The compilation and streamlining of current and future assurance universe

Other areas of focus include:

- *Business Continuity* – Critical to operations is the need to assure continuity strategies and supporting processes
- *Insurance* – Inextricably linked to the group's risk appetite, there is a need to consider that risk transfer mechanisms, such as insurance, allow for proper risk treatment
- *Occupational Health and Safety* – The approach to health and safety compliance requirements and the ability to assure a safe working environment requires improved focus and attestation

Internal Financial Control

The group has appropriate financial reporting procedures and is satisfied that these procedures are operating adequately. This is supported by internal controls effectively maintained at a high standard, translating into accurate financial and related information presented to stakeholders in annual integrated reports. There are no known significant internal financial control weaknesses. Significant matters considered in relation to the annual financial statements were the approach to determining both inventory and trade receivables provisioning, impairment assessments and assumptions used, going concern evaluation, quality of earnings, and adoption of new International Financial Reporting Standards (IFRS) standards and disclosures. The impact of COVID-19 on the group's financial reporting has been reviewed in conjunction with Ernst and Young Inc (EY), and additional disclosure relating to management judgement added, where appropriate. The committee also considered the impact of the JSE reports on proactive monitoring of annual financial statements. Based on the external auditors' supporting information, including financial analysis, prior history and best practice, the committee is satisfied that matters have been adequately addressed.

The impact of the JSE LR amendments was considered, particularly the CEO and CFO sign-off on internal financial controls, which became effective for issuers with year-ends on or after 31 December 2020. This requirement seeks to reinforce compliance with the JSE LR through the attestation by executive management that the annual financial statements have been prepared in accordance with the accounting framework and can be relied upon for economic decision making, and that the internal financial controls in place are effective and adequate to prepare annual financial statements effectively.

The basis for determining materiality was approved by the committee and the committee is satisfied with the level of reporting by management on items that qualify as significant over the period.

Internal Audit

Approach

KPMG Services (Pty) Ltd commenced providing outsourced internal audit services to the group from 1 July 2020, following a Section 197 transfer of the team. As part of this process, KPMG integrated 23 in-house internal audit associates into the KPMG Advisory Practice. These associates have been absorbed into the established structure to create a new and enhanced internal audit capability that can work seamlessly across all parts of the group's business.

A three-year risk-based internal audit plan was developed and aligned to the strategic pillars of the group after considering:

- Significant risk areas as identified during the dynamic risk assessment, divisional risk assessment process and a dedicated IT risk and controls assessment
- Materiality and the requirements of the JSE LR regarding internal financial controls
- Potential external audit requirements and alignment to a combined assurance approach
- Focused sessions with all trading divisions to understand hotspots
- Consideration of latest and global audit best practices and KPMG insights
- Impact of the new enterprise resource planning (ERP) system and leveraging the use of technology

The internal audit plan therefore includes the following focus areas:

- Enterprise risk management, business continuity and combined assurance
- Internal financial controls
- External audit support and control self-assessment
- Technology, governance, risk and compliance
- Specialist technology and pro-active monitoring
- Forensics
- Cyber security
- IT project assurance
- Acquisitions (e.g. Power Fashion)

Methodology and Independence

KPMG's internal audit methodology is aligned to the Institute of Internal Audit standards and aims to provide independent, objective assurance to add value and improve the group's operations. KPMG confirms its independence for FY2021.

For the financial year ending 3 April 2021, work performed has been summarised and results reported to the committee as it pertains to the governance, risk management and internal control processes within the various parts of the group.

Conclusions

Governance, risk management and combined assurance

The maturity of the group's risk function was assessed to determine how risk management is integrated into the group's operations. The overall maturity rating placed the group at the early stages of a mature environment. Management has committed to enhancing the process, ultimately moving to the desired maturity level over the next two years.

The draft combined assurance policy outlines the integrated combined assurance process. It translates the combined assurance policy into a combined assurance plan to identify the various lines of assurance and assurance providers involved per key risk. A high-level combined assurance maturity assessment will be performed to identify the next steps in the group's combined assurance journey.

Internal control processes

The reviews as per the FY2021 internal audit plan conclude that based on the scope of work and approach, the results of the reviews performed to date indicated some enhancements are needed within the group's internal control environment. The results of the reviews are reported to the committee regularly during the year.

Statement by Internal Audit

For the financial year ending 3 April 2021, after taking into consideration:

- The FY2021 internal audit plan
- The scope of the internal audit work and the approach followed
- The limitations of coverage and sampling
- Representations, self-assessments and other information provided by management,

KPMG believes that, based on the significance and nature of findings as reported by internal audit, the internal control processes evaluated are at an acceptable level.

External Audit

EY were the group's appointed external auditor for the reporting period. Although EY has been the group's auditors since October 1989, the committee is satisfied that EY is independent of the group.

In reaching this conclusion, the committee considered:

- Vinodhan Pillay rotated off the group's audit as designated partner, a role assumed by Merisha Kassie for FY2021
- The group has a clearly defined non-audit services policy which is strictly followed
- The extent of non-audit services is minimal and is continuously monitored, with no excessive, unusual or unnecessary engagements noted

The committee is of the view that the group received a high-quality external audit considering the standard of audit planning and scope of activities performed. The audit team assigned to the audit, EY's independence, its relationship with stakeholders, understanding of the business, and the extent of non-audit services provided, were further points taken into consideration during the assessment of the audit quality. The committee chair met with EY prior to the approval of this report to discuss key audit matters, the group's annual financial statements, commentary thereon and general matters. Merisha Kassie has taken over as the designated audit partner for FY2021 following the rotation by Vinodhan Pillay, the previously designated audit partner. The committee has considered the documents submitted by EY as part of the committee's suitability assessment and Merisha Kassie in terms of the JSE LR. Based on this assessment, the committee recommended to the board and shareholders that EY be re-appointed as the external auditors be appointed as the designated auditor for the current financial year (FY2022). The resolution for the reappointment of EY as the group's external auditors is on page 249 of the notice of AGM.

As advised in prior years, the group has on an ongoing basis considered the requirements of mandatory audit firm rotation effective 1 April 2023, as prescribed by the Independent Regulatory Board for Auditors. The capabilities and suitability of qualifying audit firms are being assessed in the current financial year and an appointment decision will be made in Q2 FY2022 to enable a smooth transition for the rotation currently planned for FY2023. This will allow the new external auditors time to become familiar with the business to limit disruption and the risk of audit failure.

Compliance

The board governs compliance with applicable laws, regulations and adopted non-binding rules, codes and standards. The board delegates its responsibility to the committee, which is accountable for setting the direction on how compliance is managed by approving the group's compliance policy and exercising ongoing oversight of compliance governance. The committee delegates the implementation and execution of effective compliance management to the group's management as the first line of defence.

The second line of defence is the group's compliance function, which assists the board, management and associates in fulfilling their responsibility to comply with applicable compliance obligations by providing compliance risk management services. Regulatory alert systems and other professional and industry stakeholders assist the compliance function to constantly monitor the frequently changing regulatory environment to ensure that key regulatory changes are identified across all jurisdictions in which the group operates. The business impact is also determined and appropriate controls implemented to enhance the group's defendable compliance position. The group's credit and insurance business is highly regulated and in order to manage this, there is a dedicated compliance function within the Mr Price Money division which reports into the group compliance function. Implementation of compliance measures and controls is managed within other trading divisions and centres of excellence as part of existing roles as appropriate.

Annually the group's regulatory universe is reviewed by the group compliance officer, approved by the committee, and the responsibility for legislation compliance is delegated to management. The group compliance function monitors material group and divisional compliance risks, trends and mitigation measures. It formally reports to management at quarterly governance centre of excellence board meetings and the board, through the audit and compliance committee, and the social, ethics, transformation and sustainability committee (SETS) regarding compliance matters relevant to SETS's area of oversight. On an annual basis, management and the group compliance officer provide assurance to the committee in respect of their delegated areas of responsibility through the legal assurance process.

Data protection

With data being a valuable asset to the group, combined with the global focus on data protection and the South African Protection of Personal Information Act (POPIA) coming into full effect on 1 July 2021, the group has been working towards data protection compliance. In the reporting period the group appointed information officers, formalised a function-wide data protection project and project team and made progress in identifying areas requiring focus to achieve material compliance ahead of the POPIA effective date. Data protection will remain a high compliance priority for the short to medium term.

Tax and labour

The previously disclosed SARS assessment did not proceed to court as SARS conceded the appeal for the 2014 year of assessment. However, in February 2021, SARS issued further assessments disallowing similar deductions that were claimed by the group in the 2015, 2016 and 2017 years of assessment. The group has objected to these assessments and if disallowed will submit an appeal (refer pages 55 for the CFO's report).

The Department of Labour compliance notices previously issued and mentioned in the prior reporting period regarding alleged non-compliance with the sectorial determination for "store associate" rates of pay, remain under dispute. The group maintains its position that it complies with the sectoral determination both in substance and form, and will defend these matter accordingly.

Occupational health and safety

During the reporting period, the ongoing implementation of compliance with Disaster Management Act regulations was a key priority as the government adjusted the lockdown levels to manage COVID-19 infections. Compliance efforts focused on store operations once retail operations recommenced in May 2020 following a period of hard lockdown to ensure the required operating and associate permits were obtained. Health and safety measures to protect customers and store associates were implemented (and are ongoing), including sanitising, mask wearing and social distancing practices, and store closure procedures and protocols are in place in the event of associate illness. The committee is comfortable that appropriate compliance was achieved as evidenced by the fact that no fines were issued by regulatory bodies or stores required to be closed due to material non-compliance. In addition, no material non-compliance was identified at any head office. The implementation and monitoring of COVID-19 health and safety requirements will remain a focus for the foreseeable future but is transitioning to business as usual compliance practices.

The key areas of focus for the reporting period were:

- Ensuring Disaster Management Act regulations and COVID-19 related health and safety compliance
- Implementing data protection controls and measures through a focused data protection project in working towards material compliance by 1 July 2021
- Commencing holistic review of the group compliance policy and framework

Future areas of focus are:

- Ensure Disaster Management Act regulations and COVID-19 health and safety requirements remain entrenched within the group as business as usual compliance practices
- Entrench data protection principles and controls across the group to achieve material compliance by the effective date of 1 July 2021 and implement a compliance risk management plan for ongoing compliance monitoring
- Complete the review of the group compliance policy and framework
- Continued monitoring of financial services legislation and implementation of amendments when effective, particularly the National Credit Act

Independent Auditor's Report

To the Shareholders of Mr Price Group Limited

Report on the Audit of the Consolidated and Separate Annual Financial Statements

Opinion

We have audited the consolidated and separate annual financial statements of Mr Price Group Limited and its subsidiaries ('the group') set out on pages 172 to 245, which comprise of the consolidated and separate statements of financial position as at 3 April 2021, and the consolidated and separate income statements and consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 3 April 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated and separate annual financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate annual financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate annual financial statements.

The Key Audit Matters applies equally to the audit of the consolidated and separate annual financial statements.

Key audit matter	How the matter was addressed in the audit
Power Fashion Acquisition – Purchase Price Allocation and Goodwill Impairment Assessment	
In the current financial year, the Group acquired the business assets of Power Fashion. By virtue of this, the issued share capital was assumed in Enterprise Stores (Proprietary) Limited and Otto Bros Lesotho Holdings (Proprietary) Limited for R1.5bn and Goodwill of R1.2bn was recognised. **Purchase Price Allocation (PPA):** As a result, a Purchase Price Allocation (PPA) was required to be performed. Management completed this by assessing	Our audit procedures, amongst others, included the following, and included the involvement of our Internal Valuation Specialists: **Purchase Price Allocation (PPA):** • Inspected Board minutes and the Power Fashion sale agreement to obtain an understanding of the terms and conditions around the acquisition. • Assessed management's assumption that fair value

Key audit matter	How the matter was addressed in the audit
Power Fashion Acquisition – Purchase Price Allocation and Goodwill Impairment Assessment (continued)	
the fair value of the assets and liabilities at the acquisition date of 31 March 2021 against the purchase price. The initial accounting for the business combination is incomplete due to the timing of the effective date of the transaction being three days before year end. The fair values are pending the finalisation of the intangible asset valuation and the final purchase price. The identification and fair value measurement of the intangible assets at acquisition of the Power Fashion brand was completed in accordance with the principles of IFRS 3: Business Combinations and required significant judgement from management. The Power Fashion brand was not registered and therefore not identifiable. This introduced complexity in attributing value to the brand in order to meet the recognition criteria in IAS 38 Intangible Assets. Management require additional information in order to conclude on the brand recognition and valuation. Management therefore elected to apply paragraph 45 of IFRS 3 Business Combinations for provisional accounting, which indicates that if the initial accounting for a business combination is incomplete by the end of the reporting period in which it occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. IFRS 3.45 mandates that the measurement period shall not exceed one year from the acquisition date. Management will therefore conclude on the brand valuation and assess the value for the final purchase price allocation within 12 months of the effective date. Therefore, we believed the PPA to be a Key Audit Matter in the current year audit. **Goodwill Impairment Assessment:** IAS 36 – Impairment of Assets requires an entity to test goodwill acquired in a business combination for impairment annually. In order to determine the impairment loss for the year, management calculates the recoverable amount. The determination of the recoverable amount using the discounted cash flow model required significant auditor attention due to the inherent uncertainty involved in: • Forecasting future cash flows in a new business • The significant judgement and estimates applied by management regarding the perpetuity growth rate and discount rate • Assumptions relating to revenue sustainability and management's assessment of the impact of COVID-19 Therefore, we believed the goodwill impairment assessment to be a Key Audit Matter in the current year audit. The disclosures associated with the acquisition of Power Fashion, provisional accounting and related impairment assessment are set out in the consolidated and separate financial statements in note 33.	approximates cost, by comparing the available market information of transactions of a similar size and nature to ensure that the methodology aligns with industry norms. This considers similar business combinations and therefore similar assets. • Management has elected to apply IFRS 3.45 provisional accounting which must be concluded by 31 March 2022. • Assessed the appropriateness of management's process following the above election to apply IFRS 3.45, for the identification and fair value measurement of intangible assets against the principles of IFRS 3: Business Combinations. **Goodwill Impairment Assessment:** • Inspected Board minutes and the Power Fashion sale agreement to obtain an understanding of the terms and conditions around the acquisition. • Analysed the due diligence report and the budgets to obtain an understanding of management's rationale for the assumptions used in forecasting and actual results. • Performed a sensitivity analysis of the cash flow projections, assumptions on earnings before interest, dividends and tax, working capital movements and capital maintenance expenditure to assess for the possibility of any impairment to goodwill. We evaluated the rationale and reasonableness of the forecasted cash flow in the context of the COVID-19 operating environment based on our understanding of the entity and external industry factors. • Assessed and performed a sensitivity analysis of the discount rates used against external market references for reasonability. • Assessed and performed a sensitivity analysis of the perpetuity growth rate and revenue sustainability against independent data, including applicable economic and industry factors. • Agreed the take on balances to the Group's working papers from internal audit and reperformed audit procedures on significant account balances. Assessed the adequacy of the disclosure in the consolidated and separate annual financial statements relating to the impairment assessments and business combinations to determine compliance with the requirements of IAS 36: Impairment of Assets and IFRS 3: Business Combinations. We assessed the application of IFRS 3.45 relating to the provisional accounting applied.

Key audit matter

How the matter was addressed in the audit

Expected credit losses on trade receivables

At 3 April 2021 the company recognised net trade and other receivables of R1.7bn (PY: R2.0bn) and net of loss allowances of R0.263bn (PY: R0.239bn).

Expected credit losses ("ECL") is calculated in terms of IFRS 9: Financial Instruments and is applicable for all financial assets measured at amortised cost. The ECL measures the probability-weighted estimate of the present value of credit losses on the entity's financial assets.

The model used to determine the ECL is complex and includes inputs that are subject to a high degree of management judgement and estimation uncertainty.

The following inputs were impacted by the prevailing economic conditions as a result of a severe downturn period due to COVID-19, and resulted in an increase in the level of judgement:
- Probability of Default (PD)
- Loss Given Default (LGD) within the ECL calculation

The incorporation of forward-looking information into the ECL model resulted in considerable judgement by management as to how macroeconomic factors will affect the ECL model.

Additional judgement was applied by management on the incorporation of the continued effects of the COVID-19 pandemic and its resultant heighted estimation uncertainty into the ECL model calculation, which was addressed through the model estimates utilised as well as an additional out of model overlay.

Due to the size of the balance, the complexity and the judgement inherent in the calculation of the related ECL allowance and a significant amount of time and specialist resources focused on this matter, the expected credit losses on trade receivables and other receivables has been identified to be a Key Audit Matter.

The IFRS 9 model results are required to be disclosed in terms of the relevant IFRS 9 and IFRS 7 reporting requirements (refer to note 9).

Our procedures included amongst others the following:
- An update of our understanding of the process for evaluating the ECL was carried out.
- We assessed the validity of the inputs utilised in the ECL model through a combination of tests of internal control and reconciliations of the data with audited balances and assessed the trade receivables balance with the total receivables used in the data set.

We involved our quantitative and economics specialists who assisted in the performance of the following:
- A methodology review of the model was carried out by reviewing development documentation and other supporting estimation material to assess the appropriateness of the model in line with accounting guidelines.
- Evaluated the reasonableness of the base case scenario generated, including the probability weighting applied to this scenario by:
  - o Consideration of the trends in Mr Prices' forecasts;
  - o Reviewed the consistency in the relationship between the forecast and economic variables;
  - o Reviewed the inputs into the credit models to incorporate the forecast data.
- Risk analysis procedures were performed which included analytical reviews of trends in the performance of the debtors' book which were benchmarked against industry data.
- Tested the appropriateness of significant assumptions including macroeconomic inputs used in the model by assessing them in terms of external market data;
- Performed an independent reperformance of the ECL calculation to assess if the model methodology had been correctly implemented, which included a recalculation and assessment of PD and LGD and compared this to management's results.
- Evaluated the reasonableness of the incorporation of forward-looking economic information assessed against financial reporting guidelines and industry standards.

A detailed assessment on overlay adjustments made as a result of COVID-19 included performing the below procedures:
- We challenged the appropriateness of the post-model overlays applied in the finalisation of the expected credit loss provisions by reviewing historical data and current economic data supporting these overlays
- Independently assessed the quantification of the ECL overlay through an independent recalculation
- Performed a sensitivity analysis by considering alternative scenarios which included stress testing to the base case scenario.

We assessed the adequacy of disclosures in the consolidated and separate annual financial statements relating to the ECL model in terms of the disclosure requirements of IFRS 9 and IFRS 7.

Key audit matter

How the matter was addressed in the audit

Intangible assets derecognition

Intangible assets – Computer Software of R0.424bn (2020: R0.470bn) includes all costs that are directly associated with the production of identifiable software controlled by the Group, and that are expected to generate economic benefits exceeding 1 year. Direct costs include the software development employee costs, which are included as capital work in progress within computer software until such time that the asset is available for use.

The capital work in progress assets are accounted for in terms of IAS 38 – Intangible assets (Refer to note 15).

During the current financial year, management assessed the future economic benefit expected from the use or disposal of computer software for platforms implemented to date and projects still in development. This detailed assessment required significant judgement from management regarding the evaluation of these assets, given that these assets are housed and packaged as part of various platforms. Substantial management assumptions and judgements were required in the derecognition process through the consideration of:
- Assessing the intangible asset – computer software listing to identify which assets that are included in capital work in progress that are independent and not required for existing platforms functionality
- Remaining useful life of these assets going forward
- Whether they are serving their anticipated purpose and can derive future economic benefit

It was through this assessment that computer software was identified where no future economic benefits were expected from its use or disposal, and/or where the remaining useful life had to be reduced.

This assessment resulted in a derecognition of R0.142bn of intangible assets – computer software.

Due to the significant audit attention spent on the process in evaluating management's judgements, which required the use of internal specialists in concluding that computer software needed to be derecognised and remaining lives revised, this has been identified as a Key Audit Matter in the current year.

Our procedures included amongst others the following:
- Obtained an understanding of management's assessment of the computer software that has been derecognised in the current financial period and understood the rationale behind the decision to write off these assets.
- Agreed the inputs of the derecognition calculation to the relevant supporting information.
- Inspected minutes of all applicable committee meetings to ensure all significant decisions that were made with regards to the derecognition and revised useful lives have been duly authorised.
- Inspected significant derecognition journals processed to assess that these adjustments were in line with the derecognition requirements of IAS 38.
- Assessed the criteria used by management and their internal specialists in determining what computer software was not required in the functioning platforms and where no future economic benefits were expected from its use or disposal. We performed the assessment with the assistance of our Information Technology specialist, which included an evaluation of the functionality of purpose and redundancy of computer software.
- Evaluated Management specialist's competence, capabilities and objectivity with regards to their qualifications and industry experience.
- Involved our Information Technology specialist in assessing:
  - o Revised useful lives of the affected computer software
  - o Whether the remaining computer software is able to operate independently of the assets – computer software derecognised.

Assessed the adequacy of disclosures in the consolidated and separate annual financial statements relating to the derecognition and revised useful lives terms of the disclosure requirements of IAS 38 – Intangible assets.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 162 page document titled "2021 Integrated Report 29 March 2020 to 3 April 2021 Mr Price Group Limited" which includes the Approval of the Annual Financial Statements, Report of the Directors, the Audit and Compliance committee report and the Company Secretary's Certificate that are required by the Companies Act of South Africa. The other information does not include the consolidated or the separate annual financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the consolidated and separate annual financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and 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 annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual 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 annual 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 annual 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual 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 the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual 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 and separate annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate annual 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 Ernst and Young Inc. and its predecessor firm, has been the auditor of Mr Price Group Limited for thirty-nine years. Ernst and Young Inc. was appointed as auditor of ORRCO Retail Limited in 1982. ORRCO Retail Limited was later renamed Specialty Stores in 1989, and in 2000 to Mr Price Group Limited.

DocuSigned by:
Ernst & Young Inc
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Ernst and Young Inc.
Director – Merisha Kassie
Registered Auditor
Chartered Accountant (SA)

11 June 2021
Durban

Shareholder Information

for the year ended 3 April 2021

Shareholder's diary

May/June	Announcement of annual results and declaration of final dividend to shareholders
July	Publication of 2021 annual integrated report
August	Annual general meeting of shareholders
November	Publication of interim report covering the 26 weeks ended 2 October 2021
	Announcement of interim dividend to shareholders
December	Settlement of interim dividend to shareholders, if announced

	Ordinary shares				B Ordinary shares			
Holdings	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
1 – 1 000	17 176	79.36	3 946 070	1.54	1	20.00	200	0.00
1 001 - 10 000	3 316	15.32	10 094 973	3.94				
10 001 - 100 000	865	4.00	27 135 572	10.60				
100 001 - 1 000 000	244	1.13	68 992 634	26.96	1	20.00	488 204	6.35
1 000 001 and over	41	0.19	145 775 901	56.96	3	60.00	7 200 886	93.65
	21 642	100.00	255 945 150	100.00	5	100.00	7 689 290	100.00

Category	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Pension funds	198	0.91	77 941 274	30.45				
Unit Trusts/ Mutual Funds	467	2.16	83 565 682	32.65				
Nominee companies and corporate bodies	20 752	95.89	73 067 730	28.55	2	40.0	3 999 974	52.02
Individuals and trusts	217	1.00	16 039 081	6.27	3	60.0	3 689 316	47.98
Staff share schemes	8	0.04	5 331 383	2.08				
	21 642	100.00	255 945 150	100.0	5	100.0	7 689 290	100.0

Public and non-public shareholders

At 3 April 2021 the percentage direct or indirect shareholdings of public and non-public shareholders in the listed ordinary shares of the company was as follows:

	Number of shareholders	%
Public shareholders	21 600	99.80
Non-public shareholders	42	0.20
Holders holding more than 10%	-	-
Directors of the company or its subsidiaries	13	0.06
Other associates restricted from trading shares in closed periods	21	0.10
Trustees of employees' share schemes or retirement benefit schemes	8	0.04

Major shareholders

To the company's best knowledge and belief, the following shareholders or fund managers held discretionary beneficial interest and / or administered client portfolios amounting to 5% or more of the issued ordinary shares of the company at 3 April 2021:

	Beneficial holding		Portfolio Administration Discretionary	
	%	Shares	%	Shares
Ordinary shares				
Public Investment Corporation Limited	15.38	39 361 147	13.42	34 358 233
B ordinary shares				
Emarjay Nominees Pty Ltd	18.78	1 444 122		
Gretrac Investment Trust	41.63	3 200 912		
Kovacs Investments 343 CC	33.24	2 555 852		
Catregav Investment Trust	6.35	488 204		

Details of the beneficial interest in B ordinary shares are reflected in the report of the directors, page 155.

Consolidated Income Statements

for the year ended 3 April 2021

R'm	Notes	Group 2021	Group 2020^	Company 2021	Company 2020
Continuing operations			Restated		Restated
Revenue	3	22 827	22 963	22 303	22 385
Retail sales and other revenue		22 553	22 707	22 033	22 125
Retail sales #		21 690	21 686	21 096	21 159
Interest on trade receivables		297	373	296	371
Income from consolidated entities		-	-	227	155
Premium income		203	247	201	244
Club fees		27	27	26	27
Other telecoms income #		153	193	21	12
Other revenue		183	181	166	157
Finance interest received		274	256	270	260
Costs and expenses		18 689	18 728	18 237	18 364
Cost of sales	8	12 540	12 856	12 453	12 747
Selling expenses		4 377	4 481	4 038	4 119
Administrative and other operating expenses		1 772	1 391	1 746	1 498
Profit from operating activities	4	3 864	3 979	3 796	3 761
Finance costs		(477)	(456)	(433)	(418)
Finance interest received		274	256	270	260
Profit before taxation		3 661	3 779	3 633	3 603
Taxation	25	1 005	1 052	984	1 035
Net profit from continuing operations		2 656	2 727	2 649	2 568
Discontinued operations					
Net loss from discontinued operations for the period	16	(8)	(23)		
Net profit for the period		2 648	2 704	2 649	2 568
Attributable to:					
Equity holders of the parent		2 648	2 704		
- From continuing operations		2 656	2 727		
- From discontinued operations		(8)	(23)		
Profit attributable to shareholders		2 648	2 704	2 649	2 568
Earnings per share		cents per share	cents per share	% change	
Basic	7	1 023.6	1 042.4	(1.8)	
Diluted basic	7	1 005.5	1 024.8	(1.9)	
Earnings per share from continuing operations					
Basic	7	1 026.7	1 051.2	(2.3)	
Diluted basic	7	1 008.5	1 033.5	(2.4)	
Headline earnings per share					
Headline	7	1 067.9	1 047.0	2.0	
Diluted headline	7	1 049.0	1 029.4	1.9	
Headline earnings per share from continuing operations					
Headline	7	1 070.3	1 055.3	1.4	
Diluted headline	7	1 051.4	1 037.5	1.3	

* less than R1 million
^ Re-presented for discontinued operations
# Cellular business handsets, accessories and airtime re-presented into retail sales from other telecoms income (refer note 2.3)

Consolidated Statements of Comprehensive Income

for the year ended 3 April 2021

R'm	Notes	Group 2021	Group 2020	Company 2021	Company 2020
Profit attributable to shareholders		2 648	2 704	2 649	2 568
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Currency translation adjustments	30	(62)	(10)		
(Loss)/gain on hedge accounting		(538)	315	(538)	315
Deferred taxation thereon		151	(88)	151	(88)
Items that will not be reclassified subsequently to profit or loss:					
Defined benefit fund actuarial gain/(loss)	22.3	8	(2)	8	(2)
Deferred taxation thereon	22.3	(2)	1	(2)	1
Total comprehensive income for the year attributable to shareholders, net of taxation		2 205	2 920	2 268	2 794
Attributable to:					
Equity holders of the parent		2 205	2 920	2 268	2 794
Total comprehensive income for the year attributable to shareholders, net of taxation		2 205	2 920	2 268	2 794

Consolidated Statements of Financial Position

as at 3 April 2021

R'm	Notes	Group 2021	Group 2020 Restated	Company 2021	Company 2020 Restated
Assets					
Non-current assets		**9 288**	6 950	**8 923**	6 527
Property, plant and equipment	14	**2 236**	2 137	**2 165**	2 051
Right-of-use asset	17	**5 000**	4 202	**4 630**	3 811
Intangible assets	15	**1 641**	490	**1 620**	462
Consolidated entities	31	**-**	-	**156**	143
Long-term receivables and other investments	18	**37**	25	**29**	4
Defined benefit fund asset	22	**69**	55	**69**	55
Deferred taxation assets	26	**305**	41	**254**	1
Current assets		**10 587**	10 244	**9 949**	9 618
Inventories	8	**3 298**	2 719	**3 108**	2 524
Trade and other receivables	9	**2 155**	2 268	**2 098**	2 182
Derivative financial instruments	19	**24**	342	**24**	342
Re-insurance assets	11	**154**	182	**154**	182
Current amounts owing by consolidated entities	31	**-**	-	**291**	356
Taxation	25	**7**	7	**-**	-
Cash and cash equivalents	12	**4 949**	4 726	**4 274**	4 032
Total assets		**19 875**	17 194	**18 872**	16 145
Equity and liabilities					
Equity attributable to equity holders of the parent		**10 838**	9 428	**10 321**	8 852
Issued capital	27	**-***	-*	**-***	-*
Capital reserves	28	**382**	316	**335**	270
Treasury share transactions	29	**(1 852)**	(1 534)	**(2 541)**	(2 222)
Retained income		**12 650**	10 545	**12 665**	10 561
Foreign currency translation reserve	30	**(204)**	(142)	**-**	-
Defined benefit fund actuarial gains and losses	22	**2**	(4)	**2**	(4)
Cash flow hedge reserve	19	**(140)**	247	**(140)**	247
Total equity		**10 838**	9 428	**10 321**	8 852
Non-current liabilities		**4 800**	4 032	**4 450**	3 684
Lease liability	20	**4 776**	4 014	**4 426**	3 666
Long-term liabilities	21	**4**	-	**4**	-
Post retirement medical benefits	22	**20**	18	**20**	18
Current liabilities		**4 237**	3 734	**4 101**	3 609
Trade and other payables	10	**2 542**	2 136	**2 464**	2 065
Derivative financial instruments	19	**284**	-	**284**	-
Re-insurance liabilities	11	**45**	46	**45**	46
Current amounts owing to consolidated entities	31	**-**	-	**38**	68
Current portion of lease liability	20	**1 164**	1 027	**1 078**	917
Taxation	25	**202**	525	**192**	513
Total liabilities		**9 037**	7 766	**8 551**	7 293
Total equity and liabilities		**19 875**	17 194	**18 872**	16 145

*less than R1 million

Consolidated Statements of Cash Flows

for the year ended 3 April 2021

R'm	Notes	Group 2021	Group 2020 Restated	Company 2021	Company 2020 Restated
Cash flows from operating activities					
Operating profit before working capital changes	13.1	**5 428**	5 182	**5 124**	4 994
Working capital changes	13.2	**192**	449	**294**	418
Cash generated from operations		**5 620**	5 631	**5 418**	5 412
Interest on trade receivables		**297**	373	**296**	371
Finance costs paid		**(2)**	(5)	**3**	(4)
Finance income received		**269**	272	**260**	266
Dividend income		**-**	-	**78**	26
Taxation paid	13.3	**(1 417)**	(610)	**(1 387)**	(585)
Net cash inflows from operating activities		**4 767**	5 661	**4 668**	5 486
Cash flows from investing activities					
Receipts in respect of long-term receivables	13.4	**13**	15	**-**	-
Payment for acquisition of Power Fashion, net of cash acquired	33	**(1 511)**	-	**(1 521)**	-
Payment in respect of other assets		**(6)**	-	**(6)**	-
Payment for replacement of intangible assets	15	**(32)**	(33)	**(32)**	(33)
Payment for additions to intangible assets	15	**(124)**	(123)	**(123)**	(120)
Payment for replacement of property, plant and equipment	14	**(89)**	(119)	**(86)**	(116)
Payment for additions to property, plant and equipment	14	**(207)**	(240)	**(197)**	(218)
Receipts from proceeds on disposal of PPE		**11**	28	**10**	17
Net cash outflows from investing activities		**(1 945)**	(472)	**(1 955)**	(470)
Cash flows from financing activities					
Payment relating to share buyback	29	**(165)**	-	**(165)**	-
Payment of financial liability	13.6	**(15)**	(4)	**(15)**	(4)
Dividends paid to shareholders	13.5	**(552)**	(1 944)	**(554)**	(1 950)
Grants to staff share trusts	29	**-**	-	**-**	(20)
Receipts relating to sale of shares by staff share trusts	29	**10**	19	**-**	-
Payment relating to purchase of shares by staff share trusts	29	**-**	(65)	**-**	-
Deficit on treasury share transactions	29	**(8)**	(16)	**-**	-
Payment relating to share hedging costs and instruments	28/29	**(171)**	(56)	**(171)**	(56)
Repayment of capital portion of lease liability	20	**(1 174)**	(1 136)	**(1 066)**	(1 018)
Repayment of interest portion of lease liability	20	**(475)**	(453)	**(437)**	(414)
Net cash outflows from financing activities		**(2 550)**	(3 655)	**(2 408)**	(3 462)
Net increase in cash and cash equivalents		**272**	1 534	**305**	1 554
Cash and cash equivalents at beginning of the year		**4 726**	3 150	**4 032**	2 444
Exchange (losses)/gains		**(49)**	42	**(63)**	34
Cash and cash equivalents at end of the year	12	**4 949**	4 726	**4 274**	4 032

*less than R1 million

In an effort to improve the quality of the group's financial reporting, some of the descriptions have been updated.

Consolidated Statement of Changes in Equity

for the year ended 3 April 2021

Attributable to the Equity Holders of the Parent

R'm	Notes	Capital Reserves: Share capital*	Capital Reserves: Share premium	Capital Reserves: Participants in staff share investment trust	Capital Reserves: Share-based payments reserve	Treasury Share Transactions: Treasury shares at cost	Treasury Share Transactions: Deficit on treasury share transactions	Treasury Share Transactions: Taxation relating to grants to share trusts	Foreign currency translation reserve	Defined benefit fund actuarial gains and losses	Cash flow hedge reserve	Retained income	Total	Non-controlling interests	Total Equity
Group															
Balance at 30 March 2019			**12**	**34**	**323**	**(235)**	**(1 584)**	**345**	**(132)**	**(3)**	**20**	**9 902**	**8 682**		**8 682**
IFRS 16 adjustment. net of tax												(232)	**(232)**		**(232)**
Adjusted opening balances		**-**	**12**	**34**	**323**	**(235)**	**(1 584)**	**345**	**(132)**	**(3)**	**20**	**9 670**	**8 450**	**-**	**8 450**
Total comprehensive income									(10)	(1)	227	2 704	**2 920**		**2 920**
Profit for the year												2 704	**2 704**		**2 704**
Other comprehensive income									(10)	(1)	227		**216**		**216**
Currency translation adjustments	30								(10)				**(10)**		**(10)**
Net gain on hedge accounting											315		**315**		**315**
Deferred taxation thereon											(88)		**(88)**		**(88)**
Defined benefit fund actuarial losses	22									(2)			**(2)**		**(2)**
Deferred taxation thereon	22									1			**1**		**1**
Conversion of B ordinary to ordinary share capital	27												**-**		**-**
Treasury shares acquired	29					(65)							**(65)**		**(65)**
Taxation relating to grants to share trusts	29							2					**2**		**2**
Effect of consolidation of staff share trusts	28												**-**		**-**
Deficit on treasury share transactions	28						(16)						**(16)**		**(16)**
Recognition of share-based payments	28				118								**118**		**118**
Share-based equity reserve hedge cost	28				(56)								**(56)**		**(56)**
Share-based payments reserve released to retained income for vested options					(115)							115	**-**		**-**
Treasury shares sold	29					19							**19**		**19**
2019 final dividend to shareholders	6											(1 123)	**(1 123)**		**(1 123)**
2020 interim dividend to shareholders	6											(821)	**(821)**		**(821)**
Balance at 28 March 2020		**-**	**12**	**34**	**270**	**(281)**	**(1 600)**	**347**	**(142)**	**(4)**	**247**	**10 545**	**9 428**	**-**	**9 428**
Total comprehensive income									(62)	6	(387)	2 648	**2 205**		**2 205**
Profit for the year												2 648	**2 648**		**2 648**
Other comprehensive income									(62)	6	(387)		**(443)**		**(443)**
Currency translation adjustments	30								(62)				**(62)**		**(62)**
Net loss on hedge accounting											(538)		**(538)**		**(538)**
Deferred taxation thereon											151		**151**		**151**
Defined benefit fund actuarial gain	22									8			**8**		**8**
Deferred taxation thereon	22									(2)			**(2)**		**(2)**
Conversion of B ordinary to ordinary share capital	27												**-**		**-**
Treasury shares acquired	29												**-**		**-**
Shares repurchased	29					(165)							**(165)**		**(165)**
Taxation relating to grants to share trusts	29							2					**2**		**2**
Effect of consolidation of staff share trusts	28			1		(1)							**-**		**-**
Deficit on treasury share transactions	29						(8)						**(8)**		**(8)**
Recognition of share-based payments	28				88								**88**		**88**
Share-based equity reserve hedge cost	28				(14)	(156)							**(170)**		**(170)**
Share -based payments reserve released to retained income for vested options	28				(9)							9	**-**		**-**
Treasury shares sold	29					10							**10**		**10**
2021 interim dividend to shareholders	6											(552)	**(552)**		**(552)**
Balance at 3 April 2021		-	**12**	**35**	**335**	**(593)**	**(1 608)**	**349**	**(204)**	**2**	**(140)**	**12 650**	**10 838**	**-**	**10 838**

*less than R1 million

Consolidated Statement of Changes in Equity

for the year ended 3 April 2021

Attributable to the Equity Holders of the Parent

R'm	Notes	Capital Reserves: Share capital*	Capital Reserves: Share premium	Capital Reserves: Participants in staff share investment trust	Capital Reserves: Share-based payments reserve	Treasury Share Transactions: Treasury shares at cost	Treasury Share Transactions: Deficit on treasury share transactions	Treasury Share Transactions: Taxation relating to grants to share trusts	Foreign currency translation reserve	Defined benefit fund actuarial gains and losses	Cash flow hedge reserve	**Retained income**	**Total**
Company													
Balance at 30 March 2019					**323**	**(2 277)**	**(272)**	**345**		**(3)**	**20**	**10 041**	**8 177**
IFRS 16 adjustment. net of tax												**(213)**	**(213)**
Adjusted opening balances		**-**	**-**	**-**	**323**	**(2 277)**	**(272)**	**345**	**-**	**(3)**	**20**	**9 828**	**7 964**
Total comprehensive income										**(1)**	**227**	**2 568**	**2 794**
Profit for the year												**2 568**	**2 568**
Other comprehensive income										(1)	227		**226**
Defined benefit fund actuarial losses	22									(2)			**(2)**
Deferred taxation thereon	22									1			**1**
Net gain on hedge accounting											315		**315**
Deferred taxation thereon											(88)		**(88)**
Conversion of B ordinary to ordinary share capital	27												**-**
Grants to staff share trusts	29					(20)							**(20)**
Deficit on treasury share transactions	29												**-**
Taxation relating to grants to share trusts	29							2					**2**
Recognition of share-based payments	28				118								**118**
Share-based equity reserve hedge cost	28				(56)								**(56)**
Share-based payments reserve released to retained income for vested options	28				(115)							**115**	**-**
													-
2019 final dividend to shareholders												**(1 125)**	**(1 125)**
2020 interim dividend to shareholders	6											**(825)**	**(825)**
	6												
Balance at 28 March 2020		**-**	**-**	**-**	**270**	**(2 297)**	**(272)**	**347**	**-**	**(4)**	**247**	**10 561**	**8 852**
Total comprehensive income										6	(387)	**2 649**	**2 268**
Profit for the year												**2 649**	**2 649**
Other comprehensive income										6	(387)		**(381)**
Defined benefit fund actuarial gain	22									8			**8**
Deferred taxation thereon	22									(2)			**(2)**
Net loss on hedge accounting											(538)		**(538)**
Deferred taxation thereon											151		**151**
Conversion of B ordinary to ordinary share capital	27												**-**
Share repurchased	29					(165)							**(165)**
Grants to staff share trusts	29												**-**
Deficit on treasury share transactions	29												**-**
Taxation relating to grants to share trusts	29							2					**2**
Recognition of share-based payments	28				88								**88**
Share-based equity reserve hedge cost	28				(14)	(156)							**(170)**
Share-based payments reserve released to retained income for vested options	28				(9)							**9**	**-**
													-
2021 interim dividend to shareholders	6											**(554)**	**(554)**
Balance as at 3 April 2021		**-**	**-**	**-**	**335**	**(2 618)**	**(272)**	**349**	**-**	**2**	**(140)**	**12 665**	**10 321**

*less than R1 million

Notes To The Financial Statements

for the year ended 3 April 2021

1 Basis of preparation

The annual financial statements have been prepared on the historic cost basis, except where indicated otherwise in a policy. The Group annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted and issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa. The consolidated financial statements are presented in Rands and all values are rounded to the nearest million (R million), except when otherwise indicated.

The consolidated financial statements comprise the financial statements of the group and its consolidated entities as at 3 April 2021. The group reports on the retail calendar of trading weeks incorporating trade from Sunday to Saturday each week. Accordingly the results for the financial year under review are for a 53 week period from 29 March 2020 to 3 April 2021 (2020: 52 week period from 31 March 2019 to 28 March 2020).

The group and company discloses its significant accounting policies, including its measurement basis, as part of its disclosures in each note in order to assist the users of these statements in understanding how transactions, events and conditions are reflected in the primary financial statements. The group presents its notes on the following basis:

- Incorporate all related disclosures, significant accounting policies and other information relating to a particular statement of financial positions/income statement item together to provide a complete overall picture of the item.
- The notes, as far as possible, are ordered in terms of materiality and significance to the business (refer to navigation on the contents page).

The consolidated financial statements provide comparative information in respect of the previous period. Unless otherwise indicated, any references to the group include the company.

2.1 Adoption of new standards and changes in accounting policies

The following new standards and interpretations that were applicable were adopted during the year. Except for IFRS 16 Leases - amendment, these new standards and interpretations did not lead to any changes in the group's accounting policies. There were other amendments issued by the IASB which came into effect for the current financial period which were not applicable to the group.

Statement, Interpretation or Standard	**Effective for annual periods beginning**
IFRS 16 Leases - amendment - Covid-19-Related Rent Concessions	1 June 2020
Conceptual Framework for Financial Reporting	1 January 2020
IFRS 3 Definition of a Business - amendments	1 January 2020
IAS 1 and IAS 8 Definition of Material - amendments	1 January 2020
Annual improvements to IFRS Standards 2018-2020 cycle	1 January 2020

The amendment to IFRS:16 COVID-19 Related Rent Concessions, effective from 1 June 2020 with early application applicable includes a practical expedient which allows lessees to elect not to assess whether a rent concession that meets the conditions in IFRS 16 paragraph 46B is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the follow conditions are met:

- 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;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to the terms and conditions of the lease.

The group has elected to early adopt and apply this practical expedient to all COVID-19 related rent concessions that meet the conditions disclosed above.

Reductions in COVID-19 lease payments are treated as a negative variable lease payment and are recognised in profit or loss when the rent concession has been agreed with the landlord and the portion of the lease liability that is extinguished by the forgiveness of the lease payments is commensurately derecognised. Refer note 20.

2.2 Standards and amendments issued but not yet effective

At the date of approval of these financial statements, the following statements, interpretations and standards were in issue but not yet effective.

Statement, Interpretation or Standard	Effective for annual periods beginning
IFRS 16 COVID-19 - Related Rent Concessions beyond 20 June 2021	1 April 2021
IFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current - amendments	1 January 2023
IAS 16 Property, Plant and Equipment - amendments	1 January 2022
Reference to the Conceptual Framework - Amendments to IFRS 3	1 January 2022

The directors anticipate that the adoption of the above mentioned standards in future periods will have no material financial impact on the financial statements of the group and will only result in additional disclosure requirements with the exception of IFRS 17 as discussed below. These statements, interpretations and standards will be adopted at the respective effective dates.

IFRS 17 Insurance Contracts

IFRS 17 established the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The standard outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach.

The change to IFRS 17 includes how insurance liabilities are valued, impacting the amount of capital captives need to keep in reserve. Re-insurance contracts will be reported based on the present value of the amount of money the captive expects from premiums and claims, once factoring in other running costs based upon the timing and risks involved. The assessment of the cash flow and expected profits from insurance cash flow will be key reporting requirements.

The timing of contracts will also need to be considered and will be measured at current value, and the value at the current time will be reviewed for claims estimates and reserves. This will reflect the difference between profit and loss-making contracts and will account for these differences as soon as they are realised, and thus be accounted for at key reporting dates.

The company is still assessing the possible impact that the application of IFRS 17 will have on the entity.

2.3 Restatement to the statement of financial position and statement of cash flows

In an effort to improve the integrity, quality and transparency of the group's financial reporting, management has considered the various publications issued by the JSE and International Accounting Standards Board. This has resulted in some changes to the disclosures in the group's financial statements as detailed below.

Restatement - lease incentives and trade and other payables

IFRS 16 was adopted in FY2020. During the current year, it was identified that lease incentives had been incorrectly allocated to trade and other payables instead of being offset against right-of-use asset per the group's accounting policy election since adoption. This prior period error has been corrected in the current financial period and the relevant comparative figures have been restated in the statement of financial position and statement of cash flows. There is no impact on the statement of comprehensive income as the impact on the profit and loss was recognised within the same line items and there was no impact on the statement of changes in equity.

The impact on the group statement of financial position and statement of cash flows is as follows:

	Group		Company	
R'm	**2020 as reported for the year ended 28 March 2020**	2020 as reported for the year ended 3 April 2021	**2020 as reported for the year ended 28 March 2020**	2020 as reported for the year ended 3 April 2021
Right-of-use asset	4 362	4 202	3 971	3 811
Total assets	**17 354**	**17 194**	**16 305**	**16 145**
Trade and other payables	2 296	2 136	2 225	2 065
Total liabilities	**7 926**	**7 766**	**7 452**	**7 293**
Total equity and liabilities	**17 354**	**17 194**	**16 305**	**16 145**
Operating profit before working capital changes	5 166	5 182	5 004	5 020
Working capital changes	465	449	434	418
Cash generated from operations	**5 631**	**5 631**	**5 438**	**5 438**

Restatement - capital and interest portion of lease liability

Further to the above, the prior period statement of cash flows presented the payment of lease liability under financing activities as a combined amount for the capital and interest portion. The statement of cash flows has been re-presented to separately disclose the interest on lease liability.

The impact on the group statement of cash flows is as follows:

	Group		Company	
R'm	**2020 as reported for the year ended 28 March 2020**	2020 as reported for the year ended 3 April 2021	**2020 as reported for the year ended 28 March 2020**	2020 as reported for the year ended 3 April 2021
Repayment of capital portion of lease liability	(1 589)	(1 136)	(1 432)	(1 018)
Repayment of interest portion of lease liability	-	(453)	-	(414)
Net cash outflows from financing activities	**(3 655)**	**(3 655)**	**(3 462)**	**(3 462)**

Restatement - retail sales and other income

Historically, the Telecoms businesses have been reported within the Financial Services and Cellular segment with revenue being treated as other income for the group. However, due to the growth in the Cellular business and the nature of the sales, management believes that it would be more appropriate and more meaningful to users of the financial statements to reflect the handsets, accessories and airtime sold by the Cellular business within the store environment as retail sales rather than other income.

The impact on the group income statement is as follows:

	Group		Company	
R'm	**2020 as reported for the year ended 28 March 2020**	2020 as reported for the year ended 3 April 2021	**2020 as reported for the year ended 28 March 2020**	2020 as reported for the year ended 3 April 2021
Retail sales	21 165	21 686	20 572	21 159
Other income	1 608	1 021	1 553	966
Retail sales and other income	**22 773**	**22 707**	**22 125**	**22 125**

Results of Operations

3. Revenue

	Group		Company	
R'm	**2021**	2020^	**2021**	2020
The disaggregated revenue is as follows:				
Revenue from contracts with customers	**22 046**	22 126	**21 318**	21 415
Retail sales*	**21 690**	21 686	**21 096**	21 159
Premium income	**203**	247	**201**	244
Other telecoms income*	**153**	193	**21**	12
Interest and charges on debtors	**456**	527	**455**	526
Club fees	**27**	27	**26**	27
Income from consolidated entities	**-**	-	**227**	155
Other sundry revenue	**24**	27	**7**	2
Finance interest income	**274**	256	**270**	260
Revenue	**22 827**	22 963	**22 303**	22 385

^ Re-presented for discontinued operations.
* Cellular business handsets, accessories and airtime re-presented into retail sales from other income (refer note 2.3).
In an effort to improve the quality of the group's financial reporting, some of the numbers have been further disaggregated.

Accounting policy

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 probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts for the sale of merchandise provide customers with a right of return. The rights of return give rise to variable consideration.

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 subject to breakage. Gift vouchers, in line with the 3-year prescription period, are deemed to only expire after 3 years. Management periodically reviews and updates its estimates for unredeemed gift vouchers which includes a consideration of breakage in the proportion to the pattern of rights exercised by the customer in order to determine whether the likelihood of redemption is remote.

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

Retail sales
Retail sales comprise net income from the sale of merchandise and are recognised when control of the merchandise is transferred to the customer. It is the group's policy to sell its products to the retail customer with a right to return within a specified period. Accumulated experience is used to estimate and provide for such returns. Under IFRS 15, a right to recover product asset has been recognised by the group. Refer to note 9 for this disclosure. The group will record a refund liability (refer to note 10) for the amount of revenue not expected to be recognised and a new defined asset, being the right to recover product asset, for its right to the returned goods.

Premium income
Premiums are recognised on a straight-line basis over the period of the contract and are shown before the deduction of commission and claims, which are recognised in administrative and other operating expenses.

Club fees
Club fees are recognised in the month immediately preceding the satisfaction of the performance obligation (i.e. When the customer charge accrues).

Interest
The group calculates interest income by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, and is therefore regarded as Stage 3, the group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the group reverts to calculating interest income on a gross basis.

Dividend income
Dividend income includes the value of cash dividends received and surpluses distributed by a staff share trust. Dividends are recognised when the right to receive payment has been established.

Fees
Fees represent fee income from consolidated entities in respect of various administrative and operating functions performed on their behalf. Fees are recognised when the charge accrues.

Prepaid airtime sales (telecoms income)
Revenue is recognised once the performance obligation to deliver airtime to the customer has been satisified and the customer has obtained control of the product.

Contracts (telecoms income)
Contract products are defined as arrangements with multiple deliverables.

Each deliverable under a contract is identified as a separate performance obligation and revenue is recognised once the performance obligation is satisified. As a result, handset revenue is recognised when the control of the handset is transferred to the customer. Monthly service and airtime revenue will be recognise as each performance obligation under the contract with the customer is fulfilled. Unused airtime is deferred in full and recognised in the month of usage or on expiry of the airtime.

Retail voice and data (telecoms income)
Subscription fees and revenue relating to local, long distance, network-to-network, roaming and international call connection services are recognised when the performance obligation is met and the service is transferred to the customer.

4. Profit from operating activities

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Arrived at after (crediting)/charging the following:				
Income from consolidated entities			**(227)**	(155)
Dividend income			**(78)**	(26)
Fees			**(149)**	(129)
Amortisation of intangible assets (note 15)	**89**	75	**86**	72
Associate costs	**2 525**	2 444	**2 417**	2 321
Salaries, wages and other benefits	**2 269**	2 160	**2 167**	2 044
Share-based payments (note 27.5)	**88**	118	**88**	118
Defined contribution pension funds expense	**172**	171	**166**	164
Defined benefit pension fund net expense	**(4)**	(5)	**(4)**	(5)
Current service cost	**2**	2	**2**	2
Interest cost	**6**	6	**6**	6
Expected return on fund assets	**(12)**	(13)	**(12)**	(13)
Auditors' remuneration	**12**	9	**9**	9
Audit fees	**12**	9	**9**	9
Other services	**-***	-*	**-**	-
Consulting fees	**28**	29	**24**	23
Technical services	**26**	26	**24**	23
Administrative and other services	**2**	3	**-***	-
Depreciation of property. plant and equipment (note 14)	**321**	315	**300**	293
Depreciation of right-of-use asset (note 17)	**1 288**	1 253	**1 176**	1 133
Impairment of intangible assets (note 15)	**-**	10	**-**	10
Loss on scrapping of intangible assets (note 15)	**134**	-	**137**	-
Impairment of right-of-use asset (note 17)	**9**	-	**8**	-
Reversal of Impairment of property, plant and equipment	**-**	(4)	**-***	(2)
Movement in provisions	**-**	(13)	**-**	-
Net loss on disposal and scrapping of property, plant and equipment (note 14)	**16**	11	**17**	3
Impairment of amounts owing by consolidated entities	**-**	-	**(11)**	124
Net (gain)/loss on foreign exchange	**(112)**	43	**(116)**	26
Other rental costs	**(40)**	68	**(54)**	57
Land and buildings^	**(59)**	48	**(73)**	37
Equipment	**21**	20	**21**	20
Motor vehicles	**(2)**	-*	**(2)**	-

* less than R1 million
^ FY2021 includes COVID-19 rental concession

Accounting policy
Cost of sales comprise the direct cost of merchandise sold and incorporates the cost of distribution, inventory losses and provisions for markdowns less discounts received from suppliers.

Selling expenses comprise the costs incurred in the marketing and advertising of merchandise, store operations and the provision of credit, airtime and mobile facilities.

Administrative and other expenses comprise costs related to the operation of the support functions within the group other than those included in selling expenses.

5. Segmental reporting

Business segments

IFRS 8 requires operating segments to be identified on the basis of internal reporting about components of the group that are regularly reviewed by the chief operating decision makers (CODM) to allocate resources to the segments and to assess their performance. The CODM has been identified as the group's executives.

For management purposes, the group is organised into business units based on their products and services, and has 5 reportable segments as follows:

- The Apparel segment retails clothing, sportswear, footwear, sporting equipment and accessories;
- The Home segment retails homewares;
- The Financial Services segment manages the group's trade receivables and sells financial services products;
- The Telecoms segment sells cellular products and services; and
- The Central Services segment provides chargeable and non-chargeable services. The trading segments are allocated costs for information technology and other share services and not charged for corporate expenditure in relation to running a listed company.

Segment performance is evaluated based on operating profit or loss. Net finance income and income taxes are managed on a group basis and are not allocated to operating segments. Segment performance is reported on an IFRS basis.

Financial Services and Telecoms were previously presented as one segment (Financial Services and Cellular), however in the current year a decision was taken to separate this into two segments for a more meaningful breakdown as viewed by the chief decision makers as the Telecoms business continues to grow. The comparative information has been restated.

	Apparel		Home		Financial Services		Telecoms		Central services		Eliminations		Total	
R'm	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Retail sales and other income ^ #	**15 229**	15 722	**5 764**	5 405	**657**	771	**881**	782	**41**	73	**(19)**	(46)	**22 553**	22 707
External #	**15 229**	15 722	**5 764**	5 405	**657**	771	**881**	782	**22**	27	**-**	-	**22 553**	22 707
Internal	**-**	-	**-**	-	**-**	-	**-**	-	**19**	46	**(19)**	(46)	**-**	-
Profit from operating activities #	**2 891**	2 693	**1 226**	999	**235**	408	**49**	35	**(537)**	(156)	**-**	-	**3 864**	3 979
Finance income received													**274**	256
Finance cost													**(477)**	(456)
Profit before taxation													**3 661**	3 779
Taxation													**(1 005)**	(1 052)
Profit attributable to shareholders #													**2 656**	2 727
Divisional assets	**7 518**	6 123	**2 036**	1 988	**1 925**	2 292	**156**	185	**8 240**	6 606	**-**	-	**19 875**	17 194
Divisional liabilities	**5 962**	4 970	**1 920**	1 859	**152**	198	**70**	30	**940**	716	**(7)**	(7)	**9 037**	7 766
Capital expenditure	**130**	258	**52**	51	**5**	5	**7**	13	**258**	188	**-**	-	**452**	515
Depreciation and amortisation #	**1 088**	1 056	**419**	409	**13**	13	**3**	4	**175**	161	**-**	-	**1 698**	1 643

^ Revenue consists of retail sales and other income and finance income received.
# 2020 re-presented for discontinued operations.

Geographical segments

	South Africa		International		Total	
R'm	**2021**	2020	**2021**	2020	**2021**	2020
Revenue	**21 265**	21 242	**1 288**	1 465	**22 553**	22 707
Assets	**17 110**	16 470	**2 765**	724	**19 875**	17 194
Capital expenditure	**440**	490	**12**	25	**452**	515

Accounting policy
The group's retailing operations are reported within four operating segments, namely the Apparel, Home, Financial Services and Telecoms segments. Group service divisions are reported in the Central Services segment. The group presents information about geographical areas based on retail sales and other income. The information reported is similar to the information provided to management to enable them to assess performance and allocate resources.

6. Dividends to shareholders

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Ordinary and B ordinary shares				
Net final dividend to shareholders	**-**	1 123	**-**	1 125
Prior year final dividend: Nil (2020: 424.8 cents per share)	**-**	1 125	**-**	1 125
Dividend paid by Partners Share Trust	**-**	14	**-**	-
Less: dividend received on shares held by staff share trusts	**-**	(16)	**-**	-
Net interim dividend to shareholders	**552**	821	**554**	825
Current year interim dividend: 210.1 cents per share (2020: 311.4 cents per share)	**554**	825	**554**	825
Dividend paid by Partners Share Trust	**7**	9	**-**	-
Less: dividend received on shares held by staff share trusts	**(9)**	(13)	**-**	-
Total net dividend to shareholders	**552**	1 944	**554**	1 950

In respect of the current year, the board of directors propose that on 28 June 2021, a cash dividend of 462.70 cents per share be paid to shareholders who are registered on the "Record date" of 25 June 2021. This dividend has not been reflected as a liability in these financial statements as this decision was made post the financial year end in May 2021. The total estimated dividend to be paid by the company is R1.2 billion. No final dividend was declared in the prior year in order to preserve cash in the business due to the economic uncertainty as a result of the COVID-19 pandemic.

Dividends in respect of equity instruments are recorded in the period in which the dividend is paid and are charged directly to equity.

7. Earnings per ordinary and B ordinary share

7.1 Reconciliation of earnings

The calculation of basic and headline earnings per share is based on:

	Group and Company	
R'm	**2021**	2020
Basic earnings - profit attributable to shareholders	**2 648**	2 704
Loss on disposal, scrapping and write off of property, plant and equipment and intangible and impairment of right-of-use assets (note 4)	**159**	17
Taxation	**(45)**	(5)
Headline earnings	**2 762**	2 716
Basic earnings - profit attributable to shareholders from continuing operations	**2 656**	2 727
Loss on disposal, scrapping and impairment of property, plant and equipment and intangible and impairment of right-of-use assets (note 4)	**157**	15
Taxation	**(44)**	(4)
Headline earnings from continuing operations	**2 769**	2 738
Basic earnings - profit attributable to shareholders from discontinued operations	**(8)**	(23)
Profit on disposal, scrapping and impairment of property, plant and equipment and intangible assets	**2**	2
Taxation	**-**	-
Headline earnings from discontinued operations	**(6)**	(21)

7.2 Number of shares

The weighted average number of shares in issue amount to 258 671 033 (2020: 259 419 290)

7.3 Weighted dilution impact

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive shares, which currently comprise share options and shares. A calculation is made in order to determine the number of shares that could have been issued at fair value (determined as the average annual market price of the shares) based on the monetary value of the subscription rights attached to outstanding options.

	Group and Company	
Shares	**2021**	2020
Number of shares per basic earnings per share calculation	**258 671 033**	259 419 290
Weighted average number of ordinary shares under option deemed to have been issued for no consideration	**4 663 507**	4 446 352
Number of shares for calculation of diluted earnings per share	**263 334 540**	263 865 642

Working Capital

8. Inventories

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Merchandise purchased for resale	**3 284**	2 704	**3 095**	2 512
Consumable stores	**14**	15	**13**	12
	3 298	2 719	**3 108**	2 524
The inventory write-down provision included in the valuation of merchandise purchased for resale was:	**303**	282	**295**	270
Cost of sales	**12 540**	12 856#	**12 453**	12 747#

Re-presented for discontinued operations

COVID-19 considerations

Government lockdowns are still in place and there are predictions that there will be a COVID-19 third wave coinciding with the shift to winter. This could result in a return to stricter lockdown levels during the winter months. Considering the decrease in economic activity and high unemployment rates in FY2021, economic recovery is expected to be slow, impacting the customer. A highly promotional retail environment in FY2022 is expected. In addition the likelihood of selling below cost is anticipated and these considerations have been taken into account in determining the inventory provision. COVID-19 had a material impact on inventory provisioning in the current year. Additional judgements relating to other categories were also considered in the inventory provisioning.

Accounting policy

Inventories are valued at the lower of cost or net realisable value. Cost is determined on the following basis:

- The cost of merchandise purchased for resale is determined using the weighted average method; and
- Consumables are valued at invoice cost on a first-in, first-out basis.

Costs include the charges incurred in bringing inventories to their present location and condition and are net of discounts from suppliers. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for slow-moving, redundant and obsolete inventory and shrinkage.

Significant accounting estimates

Provision for net realisable value of inventory

The provision for net realisable value of inventory represents management's estimate of the extent to which merchandise on hand at the reporting date will be sold below cost. This estimate takes into consideration markdowns, past trends (including historical stock sold below cost), evidence of impairment at year end (including age of inventory) and an assessment of future saleability, which takes into account fashionability, seasonal changes and current economic environment.

9. Trade and other receivables

9.1 Trade and other receivables

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Gross trade receivables	**1 966**	2 287	**1 943**	2 238
Less allowance for impairment of trade receivables	**(263)**	(239)	**(255)**	(225)
Net trade receivables	**1 703**	2 048	**1 688**	2 013
Right to recover product asset	**7**	5	**7**	5
Contract asset	**5**	18	**-**	-
Prepayments	**266**	64	**252**	57
Other receivables	**174**	133	**151**	107
	2 155	2 268	**2 098**	2 182

The ageing of the gross trade receivables is as follows:

R'm	Days from transaction	**2021**	2020	**2021**	2020
Current	30	**1 467**	1 838	**1 454**	1 808
Status 1	60	**271**	237	**268**	231
Status 2	90	**91**	85	**90**	81
Status 3	120	**58**	55	**56**	53
Status 4	150	**42**	39	**40**	36
Status 5	180	**37**	33	**35**	29
		1 966	2 287	**1 943**	2 238

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business and are accounted for at amortised cost in accordance with the accounting policy disclosed in note 19. The group has provided for receivables in all ageing status levels in accordance with the accounting policy disclosed further below.

Before accepting any new credit customer, the group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer, while ensuring compliance with the requirements of the NCA. Limits and scoring are reviewed at least annually in accordance with the requirements of the NCA and upon request by a customer. Due to the nature of the business, there are no customers that represent more than 5% of the total balance of trade receivables.

Right to recover product asset represents the group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

The contract asset represents the short-term portion of Mr Price Mobile (Pty) Ltd's right to consideration in exchange for goods or services that Mr Price Mobile (Pty) Ltd has transferred to the customer. Contract assets are measured at amortised cost and in accordance with the accounting policy for expected credit losses (ECL's) disclosed below.

Prepayments and other receivables are stated at their nominal values.

Interest is charged on outstanding accounts in accordance with the National Credit Act (NCA) and is calculated using the effective interest rate method.

9.2. Movement in the allowance for impairment of trade receivables

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Balance at beginning of the year	**(239)**	(197)	**(225)**	(188)
Impairment losses net of reversals	**(24)**	(42)	**(30)**	(37)
Balance at end of the year	**(263)**	(239)	**(255)**	(225)

Under IFRS 9, the group has elected the general approach for measuring the loss allowance for trade receivables due to there being a significant financing component on trade receivables, with calculation on a collective basis. For contract assets and mobile receivables, the group has elected to apply the simplified method.

The group has established a policy to perform an assessment at the end of each reporting period of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The group follows the rebuttable presumption that default occurs when the account is 90 days past due. Trade receivables are grouped into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When trade receivable is first recognised, the group recognises an allowance based on 12 month ECLs.

Stage 2: When the trade receivable has shown a significant increase in credit risk since origination, the group records an allowance for the lifetime ECLs. An indicator as an increase in credit risk includes an actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally.

Stage 3: Trade receivables considered credit-impaired. Financial assets are considered to be credit-impaired when one of more events that have an unfavourable impact on its estimated future cash flows have occurred. The group records an allowance for the lifetime ECLs.

The group follows an age-driven write off policy whereby all accounts, once it advances through the various delinquency status, are written off. Accounts are written off when they roll from status 5 to status 6.

The groups ECL model is based on a statistical process called Markov modelling which focuses on modelling client's behaviour on a portfolio level to predict the amount of receivable that will fall into future write offs. The model incorporates historic and forward looking economic data such as the current and future unemployment rate and future changes to debt service cost to income and consumer price index. For balances and each cash flow components the model creates risk state transition matrices to forecast the balance movements within a portfolio and between successive risk states. In addition, the model has a built in, internal leading Indicator to make the model more responsive to business/market changes. The Markov model includes data relating from the last year which includes the impact of COVID-19 when predicting future losses.

COVID-19 considerations

Customers continue to experience financial hardships and uncertainty and the COVID-19 resurgence risk still remains, which could impact future retrenchments and disposable income levels. The economic risk factors element of the provision calculation has therefore been adjusted to reflect the increased risk associated with the deteriorating financial health of the customer within the next 12 months.

Significant accounting estimates

Provision for impairment of trade receivables

The provision for impairment of trade receivables represents management's estimate of the extent to which trade receivables at the reporting date will not be subsequently recovered, based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting inputs to the impairment calculation. This estimate takes historic and forward looking economic data such as the current and future unemployment rate and future changes to debt service cost to income and consumer price index and current market factors.

CPI, unemployment rate and debt service cost are the forecast variables used in the economic model. Forecast scenarios consider a base case at a 60% weighting, an optimistic case at 10% weighting and a cautious case at 30% weighting. The likelihood assigned to the base case is due to the base case scenario incorporating forecasts that are likely to be achieved based on current available information and analyst predictions. The optimistic case is represented at a smaller weighting of 10% as chances of an optimistic scenario is less likely amidst the current economic climate impacted by COVID-19 and the Moody's downgrade. The cautious case incorporates variables that may realise if impacts of COVID-19 continue for longer with more dire consequences and reduced government relief efforts.

The loss allowance provision for group and company as at year end is determined as follows:

3 April 2021	Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3	Total
Group R'm	Not past due	<30	31-60	61-90	91-120	>120	**Total**
Expected credit loss rate	4.6%	15.4%	48.5%	69.9%	83.7%	89.0%	**13.4%**
Estimated total gross carrying amount at default	1 467	271	91	58	42	37	**1 966**
12 month ECL	(65)	(41)	-	-	-	-	**(106)**
Lifetime ECL	(3)	(1)	(44)	(41)	(35)	(33)	**(157)**
Total ECL	(68)	(42)	(44)	(41)	(35)	(33)	**(263)**
Net trade receivables	1 399	229	47	17	7	4	**1 703**
Company R'm							
Expected credit loss rate (ECL)	4.5%	15.3%	49.3%	69.8%	85.4%	92.7%	**13.1%**
Estimated total gross carrying amount at default	1 454	268	90	56	40	35	**1 943**
12 month ECL	(65)	(41)	-	-	-	-	**(106)**
Lifetime ECL	-	-	(44)	(39)	(34)	(32)	**(149)**
Total ECL	(65)	(41)	(44)	(39)	(34)	(32)	**(255)**
Net trade receivables	1 389	227	46	17	6	3	**1 688**

28 March 2020	Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3	Total
Group R'm	Not past due	<30	31-60	61-90	91-120	>120	**Total**
Expected credit loss rate	4.5%	13.5%	48.2%	58.2%	71.8%	72.7%	**10.5%**
Estimated total gross carrying amount at default	1 838	237	85	55	39	33	**2 287**
12 month ECL	(82)	(32)	(1)	(3)	(2)	(3)	**(123)**
Lifetime ECL	-	-	(40)	(29)	(26)	(21)	**(116)**
Total ECL	(82)	(32)	(41)	(32)	(28)	(24)	**(239)**
Net trade receivables	1 756	205	44	23	11	9	**2 048**
Company R'm							
Expected credit loss rate (ECL)	4.3%	13.0%	50.6%	54.7%	72.2%	72.4%	**10.1%**
Estimated total gross carrying amount at default	1 808	231	81	53	36	29	**2 238**
12 month ECL	(78)	(30)	-	-	-	-	**(108)**
Lifetime ECL	-	-	(41)	(29)	(26)	(21)	**(117)**
Total ECL	(78)	(30)	(41)	(29)	(26)	(21)	**(225)**
Net trade receivables	1 730	201	40	24	10	8	**2 013**

The allowance for impairment of trade receivables as at 03 April 2021 reconciles to the opening loss allowance for that provision as follows:

Group R'm	Stage 1	Stage 2	Stage 3	Total
Closing loss allowance as at 28 March 2020	114	73	52	**239**
Amounts written off	-	-	(339)	**(339)**
Amounts recovered	(25)	(52)	(16)	**(93)**
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	8	(7)	(16)	**(15)**
Change in credit risk parameters	13	71	387	**471**
Total balance as at 3 April 2021	**110**	**85**	**68**	**263**

Company R'm	Stage 1	Stage 2	Stage 3	Total
Closing loss allowance as at 28 March 2020	108	70	47	**225**
Amounts written off	-	-	(327)	**(327)**
Amounts recovered	(25)	(51)	(17)	**(93)**
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	11	(9)	(24)	**(22)**
Change in credit risk parameters	12	73	387	**472**
Balance as at 3 April 2021	**106**	**83**	**66**	**255**

9.3 Other receivables

	Group		Company	
R'm	**2021**	2020	**2021**	2020
The expected maturity for other receivables is as follows:				
On demand	**35**	46	**25**	41
Less than three months	**43**	24	**35**	18
Three months to one year	**96**	63	**91**	48
	174	133	**151**	107

Accounting policy
Trade receivables, which generally have 6 to 12 month terms are initially recognised at fair value and subsequently measured at amortised cost, namely the remaining invoice amount plus associated costs and interest charges to date, less any impairment allowance for uncollectible amounts, and are classified as 'loans and receivables'. Various economic factors and changes in the delinquency of payments are considered indicators that the trade receivables are impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling expenses.

Bad debts are written off in the income statement when it is considered that the group will be unable to recover the debt and it has been handed over for collection. Subsequent recoveries of amounts previously written off are credited against selling expenses in the income statement.

Other receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method and are carried net of any accumulated impairment.

10. Trade and other payables

R'm	Group 2021	Group 2020 Restated	Company 2021	Company 2020 Restated
Trade payables	**1 183**	1 360	**1 207**	1 377
Other payables*	**1 346**	767	**1 244**	679
Refund liability	**13**	9	**13**	9
	2 542	2 136	**2 464**	2 065

* Includes employee related provisions including incentive and leave pay provisions.

Terms and conditions of the above financial liabilities:
Trade payables are non-interest bearing and are settled on terms that vary between date of ownership plus 10 days and 30 days from statement, depending on the procurement source.

Other payables are non-interest bearing and are settled on average 30 days from statement.

Accounting policy
Trade payables, which are primarily settled on 30 day terms, are initially measured at cost, which is considered to be the fair value of the consideration to be paid in the future for goods and services rendered. These are subsequently measured at amortised cost.

Other payables are initially measured at fair value and are subsequently measured at amortised cost.

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the group ultimately expects it will have to return to the customer. The group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Value-Added Tax (VAT)
The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Expenses and assets are recognised net of the amount of VAT, except:
- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Revenue and income are recognised net of the amount of VAT, except:
- When the VAT due on the sale or income is not payable to the taxation authority, in which case the full amount is recognised as revenue or income as applicable.

Dividend Withholding Tax (DWT)
DWT is a tax levied on the beneficial owner of the shares instead of the company. The tax is withheld by the company and is paid over to the South African Tax Authority on the beneficiaries' behalf. The resultant tax expense and liability has been transferred to the shareholder and is no longer accounted for as part of the tax charge for the company. Amounts not yet paid over to the South African Tax Authority are included in trade and other payables and the measurement of the dividend amount is not impacted by the withholding tax.

11. Reinsurance assets and liabilities

The group retails insurance products to customers. The principal risk that the insurance cells face is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long term claims. Therefore the objective of the cells is to ensure that sufficient reserves are available to cover these potential liabilities.

A reinsurance contract is a contract issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant. For third party cells, the company, being the cell owner, is acting as a reinsurer since significant insurance risk is transferred. The relationship and contract with Guardrisk is that of a reinsurance contract, giving rise to a reinsurance asset and liability. The company accounts for this reinsurance contract issued in terms of IFRS 4: Insurance contracts. If there are excess profits in the cell, the company will account for an insurance asset. If the company has to recapitalise the cell, it will account for an insurance liability.

The main risks that the insurance cells are exposed to are as follows:

- Mortality risk: the risk of loss arising due to policyholder death experience differing from that expected
- Morbidity risk: the risk of loss arising due to policyholder health experience differing from that expected
- Expense risk: the risk of loss arising from expense experience differing from that expected
- Policyholder decision risk: risk of loss arising due to policyholder experiences (lapses and surrenders) differing from that expected.

The risk structure per product is as follows:

Guardrisk Insurance Company Limited (Cell number 136)
Mr Price Group Limited bears 100% of the risk for all products, which consists of: Lost card protection, Identity Theft and the Group's motor vehicle cell.

Guardrisk Life Limited (Cell number 048)
Mr Price Group Limited bears 100% of the risk for all products which consists of: Customer Protection, 360 Degrees Protection, Medinet Critical Illness, A2B Commuter Personal Accident, Her Health, Group Funeral.

Guardrisk Insurance Company Limited (Cell number 316)
Mr Price Mobile (Pty) Ltd bears 100% of the risk for all insurance products which consist of: Customer Protection and Mobile Device Protection.

The reinsurance assets and liability are made up of the following components:

R'm	Group and Company 2021	Group and Company 2020
Cash and cash equivalents	**154**	182

Receivables are measured at amortised cost and the carrying amounts approximate their fair value. All balances are considered current.

	Group and Company	
R'm	**2021**	2020
Reinsurance liability		
Unearned premium provision	**3**	3
Outstanding claims	**3**	3
IBNR reserve	**28**	26
Taxation liability	**11**	13
Other liabilities	**-***	1
	45	46
Movement in reinsurance liabilities		
Balance at beginning of the year	**43**	44
Outstanding claims	**3**	4
IBNR reserve	**26**	22
Other liabilities	**1**	-
Taxation liability	**13**	18
Decrease in the year	**(1)**	(1)
Balance at end of the year	**42**	43
Outstanding claims	**3**	3
IBNR reserve	**28**	26
Taxation liability	**11**	13
Other liabilities	**-***	1
Unearned premium provision		
Balance at beginning of the year	**3**	2
Premium recognised	**205**	248
Premium received	**(205)**	(247)
Balance at end of the year	**3**	3

Sensitivity analysis
Reinsurance liabilities are subject to changes in variables that could affect the value of the liability due. The effect of any sensitivity is considered immaterial. Outstanding claims, unearned premium provision and the taxation liability are measured at amortised cost and are based on actual amounts due to third parties. The Incurred But Not Reported (IBNR) reserve is maintained in accordance with legislation governing financial service providers. The long-term cell maintains an IBNR reserve equal to a claim factor (minimum 33%) applied to 3 months of net premiums (i.e. gross premiums less commissions and administration fees). The short-term cell maintains an IBNR reserve equal to an FSB prescribed risk-based interim measure applied to 6 years rolling premium. As these reserves are governed by legislation only changes in such legislation would lead to the changes in the reserve. At year end no such changes were proposed by the financial services board, however the following sensitivity has been performed on the IBNR reserve.

* Less than R1 million

Long-term cell reserve adjusted to be a claims factor (minimum 32%) applied to 2 months of net premiums. Short-term cell solvency reserve adjusted to decrease the IBNR factor by 1%.

	Group and Company	
R'm	**2021**	2020
Impact on IBNR	**(8)**	(6)

Long-term cell reserve adjusted to be a claims factor (minimum 34%) applied to 4 months of net premiums. Short term cell solvency reserve adjusted to increase the IBNR Factor by 1%.

R'm		
Impact on IBNR	**8**	6

During the year a dividend of R133.3 million (2020: R113.0 million) was paid by the cells to the company.

Premium income and claims history:

Premium income (R'm)	**205**	247
Number of claims	**5 768**	4 825
Claim costs (R'm)	**41**	30
Claim costs as a percentage of premium income	**20.0%**	12.0%

Accounting policy
The group assumes insurance risk in the normal course of business. Reinsurance assets represents balances due from registered insurance companies. Amounts receivable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that as a result of which the group may or may not receive all outstanding amounts due under the terms of the contact and the event has a reliably measurable impact on the amounts that the group will receive from the insurer.

Any related impairment loss is recorded in the income statement. Reinsurance liabilities represent balances due to registered insurance companies. Amounts payable are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the insurer's policies and are in accordance with the related reinsurance contract.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered a direct business/activity of the group, taking into account the product classification of the reinsurance business. Premiums and claims, assets and liabilities, are presented on a gross basis for the assumed reinsurance. Reinsurance assets and liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

12. Cash and cash equivalents and bank overdraft

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Bank balances and other cash	**4 949**	4 726	**4 274**	4 032
Cash and cash equivalents	**4 949**	4 726	**4 274**	4 032

Gross cash and cash equivalents of R6.4bn (2020: R8.1bn) is presented net of bank overdrafts of R1.5bn (2020: R3.4bn).

Accounting policy
Cash and cash equivalents comprise cash at banks and on hand and short-term deposits, varying between overnight call and liquid money market investments in accordance with the group's treasury policy, with an original maturity of three months or less, net of bank overdrafts. Cash and cash equivalents are classified as financial asset measured at amortised cost.

13. Notes to the statements of cash flows

13.1 Operating profit before working capital changes

	Group		Company	
R'm	**2021**	2020*	**2021**	2020
Profit before taxation	**3 661**	3 779	**3 633**	3 603
Discontinued operations	**(8)**	(23)	**-**	-
Adjustments for:				
Depreciation of property, plant and equipment	**321**	315	**300**	293
Depreciation of right-of-use asset	**1 288**	1 253	**1 176**	1 133
Amortisation of intangible assets	**89**	75	**86**	72
Loss on disposal and scrapping of property, plant and equipment	**16**	11	**17**	3
Impairment of property, plant and equipment	**-**	(4)	**-**	(2)
Impairment of intangible assets	**-**	10	**-**	10
Loss on scrapping of intangible assets	**134**	-	**137**	-
Impairment of amounts owing by consolidated entities	**-**	-	**(11)**	124
Interest on lease liability	**475**	453	**437**	414
Impairment of right-of-use asset	**9**	-	**8**	-
Finance costs	**2**	4	**(4)**	4
Finance income received	**(274)**	(256)	**(272)**	(260)
Interest on trade receivables	**(297)**	(373)	**(297)**	(371)
Dividend income	**-**	-	**(78)**	(26)
Other non-cash items	**12**	(62)	**(8)**	(3)
Share option expenses	**88**	118	**88**	118
Other ^	**(76)**	(180)	**(96)**	(121)
	5 428	5 182	**5 124**	4 994

^ Other relates to non-cash items, mainly provisions
* Re-presented for discontinued operations

13.2 Working capital changes

	Group		Company	
R'm	**2021**	2020	**2021**	2020
		Restated		Restated
Decrease/(increase) in trade and other receivables	**370**	(241)	**331**	(265)
(Increase)/decrease in inventories	**(301)**	66	**(92)**	38
Increase/(decrease) in trade and other payables	**96**	502	**(18)**	499
Decrease in re-insurance asset	**28**	122	**28**	122
Decrease in re-insurance liability	**(1)**	-	**(1)**	-
Decrease in current amounts owing to consolidated entities	**-**	-	**(30)**	(139)
Decrease in current amounts owing by consolidated entities	**-**	-	**76**	163
	192	449	**294**	418

13.3 Taxation paid

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Amounts unpaid at beginning of the year	**477**	39	**512**	56
Taxation	**518**	33	**513**	33
Deferred taxation	**(41)**	35	**(1)**	52
Prior year	**-**	(29)	**-**	(29)
Amounts charged to the income statements	**1 005**	1 053	**984**	1 035
Taxation	**1 106**	1 127	**1 005**	1 095
Deferred taxation	**(102)**	(74)	**(21)**	(60)
Amounts charged to equity	**(155)**	(5)	**(151)**	6
Taxation	**(6)**	(2)	**(2)**	(2)
Deferred taxation	**(149)**	(3)	**(149)**	8
Deferred taxation acquired	**(20)**	-	**(20)**	-
Amounts unpaid at end of the year	**110**	(477)	**62**	(512)
Taxation	**(195)**	(518)	**(192)**	(513)
Deferred taxation	**305**	41	**254**	1
Amounts paid	**1 417**	610	**1 387**	585

13.4 Receipts in respect of long-term receivables

Decrease in mobile debtors	**13**	5	**-**	-
Other long-term receivables	**-**	10	**-**	-
Net amounts paid	**13**	15	**-**	-

13.5 Dividends to shareholders

Dividends to ordinary and B ordinary shareholders	**554**	1 950	**554**	1 950
Less: dividends on shares held by staff share trusts	**(9)**	(29)	**-**	-
Add: dividends paid by Partners Share Trust	**7**	23	**-**	-
	552	1 944	**554**	1 950

13.6 Reconciliation of liabilities (long-term liability and financial liability) arising from financing activities

Opening balance	**(16)**	(11)	**(16)**	(11)
Non-cash: purchase price	**1**	(2)	**1**	(2)
Non-cash: transfer to short-term	**-**	9	**-**	9
Closing balance	**-**	-	**-**	-
	(15)	(4)	**(15)**	(4)

Operating Assets

14. Property, plant and equipment

	Furniture, fittings, equipment and vehicles		Computer equipment		Improvements to leasehold premises		Land		Buildings		Total	
R'm	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Group												
Net carrying amount at beginning of the year	**1 288**	1 285	**94**	114	**160**	113	**186**	185	**409**	420	**2 137**	2 117
Cost or carrying amount	**2 788**	2 611	**312**	300	**230**	158	**186**	185	**440**	440	**3 956**	3 694
Accumulated depreciation and impairment	**(1 500)**	(1 326)	**(218)**	(186)	**(70)**	(45)	**-**	-	**(31)**	(20)	**(1 819)**	(1 577)
Current year movements												
Additions	**159**	261	**99**	24	**38**	73	**-**	1	**-**	-	**296**	359
- external development/acquisition	**159**	249	**99**	24	**38**	73	**-**	1	**-**	-	**296**	347
- items capitalised to work in progress**	**-**	12	**-**	-	**-**	-	**-**	-	**-**	-	**-**	12
Acquired in business combination	**125**	-	**34**	-	**-**	-	**-**	-	**-**	-	**159**	-
Disposals and scrapping	**(12)**	(29)	**(12)**	-*	**-***	-	**-**	-	**-**	-	**(21)**	(29)
Impairments and write downs	**-**	4	**-**	-*	**-**	-	**-**	-	**-**	-	**-**	4
Foreign exchange differences	**(11)**	1	**-**	-*	**-**	-	**-**	-	**-**	-	**(14)**	1
Depreciation	**(234)**	(234)	**(42)**	(45)	**(34)**	(25)	**-**	-	**(11)**	(11)	**(321)**	(315)
Net carrying amount at end of the year	**1 315**	1 288	**173**	93	**164**	161	**186**	186	**398**	409	**2 236**	2 137
Made up as follows:												
Net carrying amount	**1 315**	1 288	**173**	93	**164**	161	**186**	186	**398**	409	**2 236**	2 137
Cost or carrying amount	**3 006**	2 788	**424**	311	**268**	231	**186**	186	**440**	440	**4 324**	3 956
Accumulated depreciation and impairment	**(1 691)**	(1 500)	**(251)**	(218)	**(104)**	(70)	**-**	-	**(42)**	(31)	**(2 088)**	(1 819)
Company												
Net carrying amount at beginning of the year	**1 204**	1 198	**91**	111	**160**	112	**186**	185	**409**	421	**2 050**	2 027
Cost or carrying amount	**2 618**	2 456	**300**	289	**219**	146	**186**	185	**440**	441	**3 763**	3 517
Accumulated depreciation and impairment	**(1 414)**	(1 258)	**(209)**	(178)	**(59)**	(34)	**-**	-	**(31)**	(20)	**(1 713)**	(1 490)
Current year movements												
Additions	**146**	236	**98**	24	**39**	73	**-**	1	**-**	-	**283**	334
- external development/acquisition	**115**	224	**98**	24	**38**	73	**-**	1	**-**	-	**251**	322
- items capitalised to work in progress*	**31**	12	**-**	-	**1**	-	**-**	-	**-**	-	**32**	12
Acquired in business combination	**122**	-	**33**	-	**-**	-	**-**	-	**-**	-	**155**	-
Disposals and scrapping	**(12)**	(19)	**(10)**	-*	**(1)**	-*	**-**	-	**-**	-	**(23)**	(19)
Impairments and write downs	**-**	2	**-**	-	**-**	-	**-**	-	**-**	-	**-**	2
Depreciation	**(214)**	(214)	**(41)**	(43)	**(34)**	(25)	**-**	-	**(11)**	(11)	**(300)**	(293)
Net carrying amount at end of the year	**1 246**	1 203	**171**	92	**164**	160	**186**	186	**398**	410	**2 165**	2 051
Made up as follows:												
Net carrying amount	**1 246**	1 203	**171**	92	**164**	160	**186**	186	**398**	410	**2 165**	2 051
Cost or carrying amount	**2 852**	2 617	**414**	301	**257**	219	**186**	186	**440**	441	**4 149**	3 764
Accumulated depreciation and impairment	**(1 606)**	(1 414)	**(243)**	(209)	**(93)**	(59)	**-**	-	**(42)**	(31)	**(1 984)**	(1 713)

* Less than R1 million
*The cumulative balance of work in progress that is not subject to depreciation at year end amounts to R79 million (2020: R66 million).Details of buildings:Remaining extent of Erf 249 Cliffdale District, KwaZulu Natal Province, in extent of 19.5 ha.

Accounting policy

Buildings occupied in the normal course of the business are recognised at cost less accumulated depreciation and impairment losses. Furniture, fittings, equipment, vehicles, computer equipment and improvements to leasehold premises are stated at historic cost less accumulated depreciation and any accumulated impairment and are depreciated, on the straight-line basis to their expected residual values, over the estimated useful lives of the assets concerned which are as follows:

Furniture, fittings, equipment and vehicles

• Furniture and fittings	6 to 8 years
• Vehicles	5 to 6 years
• Other equipment	6 to 14 years
• Computer equipment	3 to 5 years
• Improvements to leasehold premises	Over period of lease premises subject to a maximum of 10 years
• Buildings	40 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, and only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The assets' expected residual values, estimated useful lives, and depreciation policy are reviewed, and adjusted if appropriate, on an annual basis. Changes in the estimated useful life or expected pattern of consumption of future benefits embodied in the asset are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

15. Intangible assets

	Computer software		Customer lists		Goodwill		Trademarks		Total	
R'm	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Group										
Net carrying amount at beginning of the year	**470**	399	**-**	-	**20**	24	**-**	-	**490**	423
Cost or carrying amount	**686**	572	**26**	26	**20**	24	**18**	18	**750**	640
Accumulated amortisation and impairment	**(216)**	(173)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(260)**	(217)
Current year movements										
Additions arising from	**181**	156	**-**	-	**1 202**	-	**-**	-	**1 383**	156
external development/acquisition	**140**	90	**-**	-	**-**	-	**-**	-	**140**	90
internal development	**17**	25	**-**	-	**-**	-	**-**	-	**17**	25
acquired in business combination	**24**	-	**-**	-	**1 202**	-	**-**	-	**1 226**	-
items capitalised to work in progress^	**-**	41	**-**	-	**-**	-	**-**	-	**-**	41
Disposals and scrapping	**(138)**	-	**-**	-	**-**	-	**-**	-	**(138)**	-
Impairments and write downs	**-**	(10)	**-**	-	**-**	-	**-**	-	**-**	(10)
Foreign exchange differences	**-**	-	**-**	-	**(5)**	(4)	**-**	-	**(5)**	(4)
Amortisation	**(89)**	(75)	**-***	-*	**-**	-	**-***	-*	**(89)**	(75)
Net carrying amount at end of the year	**424**	470	**-**	-	**1 217**	20	**-**	-	**1 641**	490
Made up as follows:										
Net carrying amount	**424**	470	**-**	-	**1 217**	20	**-**	-	**1 641**	490
Cost or carrying amount	**686**	686	**26**	26	**1 217**	20	**18**	18	**1 947**	750
Accumulated amortisation and impairment	**(262)**	(216)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(306)**	(260)
Company										
Net carrying amount at beginning of the year	**461**	390	**-**	-	**1**	1	**-**	-	**462**	391
Cost or carrying amount	**665**	554	**26**	26	**1**	1	**18**	18	**710**	599
Accumulated amortisation and impairment	**(204)**	(164)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(248)**	(208)
Current year movements										
Additions arising from	**179**	153	**-**	-	**1 202**	-	**-**	-	**1 381**	153
external development/acquisition	**138**	82	**-**	-	**-**	-	**-**	-	**138**	82
internal development	**17**	25	**-**	-	**-**	-	**-**	-	**17**	25
acquired in business combination	**24**	-	**-**	-	**1 202**	-	**-**	-	**1 226**	-
items capitalised to work in progress	**-**	46	**-**	-	**-**	-	**-**	-	**-**	46
Disposals and scrapping	**(137)**	-	**-**	-	**-**	-	**-**	-	**(137)**	-
Impairments and write downs	**-**	(10)	**-**	-	**-**	-	**-**	-	**-**	(10)
Amortisation	**(86)**	(72)	**-**	-	**-**	-	**-**	-	**(86)**	(72)
Net carrying amount at end of the year	**417**	461	**-**	-	**1 203**	1	**-**	-	**1 620**	462
Made up as follows:										
Net carrying amount	**417**	461	**-**	-	**1 203**	1	**-**	-	**1 620**	462
Cost or carrying amount	**663**	665	**26**	26	**1 203**	1	**18**	18	**1 910**	710
Accumulated amortisation and impairment	**(246)**	(204)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(290)**	(248)

* Less than R1 million
^ The cumulative balance of work in progress that is not subject to amortisation at year end amounts to R100 million (R2020: R198 million)

Goodwill in the Group relates to the Zambian business (R15m) and the acquisition of Power Fashion (R1 202m)

Impairment testing of goodwill
Goodwill acquired through business combinations is tested annually for impairment, which was performed in March and April 2021. The Company considers the relationship between the value in use of the cash generating unit (CGU), among other factors, when reviewing for indicators of impairment. At year end, there were no indications of impairment. The recoverable amount of Power Fashion was determined based on a value in use calculation using cash flow projections from financial budgets covering a 5 year period. A discount rate of 13.25% was used. Cash flows beyond the 5 year period are extrapolated using a 4.0% growth rate. Comparable sales growth of 6.0% was estimated, with operating margins estimated between 11.5% - 16.4%. The calculation of value in use was based on 5 year cash flow projections and is most sensitive to the following assumptions:

Margins
Margins are based on values to be achieved over the 5 year strategy period. These are increased over the budget period for anticipated efficiency improvements. A 5% decrease in EBIT would still not result in an impairment.

Discount rates
Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

The discount rate calculation is based on the specific circumstances of the company and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the company is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. An increase of 1.0% in the discount rate would still not result in an impairment.

Significant judgements
The future economic benefits expected from the use of the ERP system development and planning solutions system development was assessed as a result of project changes. Significant judgement was required in the derecognition process given that these assets are housed and packaged as part of various platforms.

Accounting policy
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

Computer software
Acquired software not regarded as an integral part of hardware is capitalised at historic cost and is amortised on the straight-line basis over its estimated useful life (2 to 10 years), from the date of its being commissioned into the group. All other costs that are directly associated with the production of identifiable software controlled by the group, and that are expected to generate economic benefits exceeding 1 year, are recognised as part of the cost of the intangible assets. Direct costs include the software development employee costs. Costs associated with developing software are recognised as an expense as incurred if it is not expected that they will provide future economic benefits to the group.

Goodwill
Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the acquired consolidated entity or operation at date of acquisition, and is carried at cost less accumulated impairment losses.

16. Non-current assets held for sale and discontinued operations

As a result of the closure of the Nigeria operations, the group's prior year consolidated income statement and segment analysis have been re-presented to take into account the effects of the application of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Prior year discontinued operations related to the closure of the operations in Australia and Poland.

	Group		
R'm	**2021**	2020	% change
Revenue	**10**	71	
Retail sales	**10**	71	
Retail sales and other income	**10**	71	
Costs and expenses	**18**	93	
Cost of sales	**7**	42	
Selling expenses	**10**	42	
Administrative and other operating expenses	**1**	9	
Net loss from discontinued operations for the period	**(8)**	(22)	
Finance income	-	1	
Finance costs	-	(1)	
Loss before taxation	(8)	(22)	
Taxation	-	(1)	
Net loss from discontinued operations	**(8)**	(23)	
Reconciliation of headline earnings from discontinued operations (R'm)			
Attributable loss	**(8)**	(23)	
Profit on disposal and impairment of property, plant, equipment and intangible assets	**2**	2	
Taxation adjustment	**-**	-	
Headline earnings	**(6)**	(21)	
Earnings per share from discontinued operations (cents)			
- basic	**(3.1)**	(8.8)	64.6
- headline	**(2.2)**	(8.1)	72.8
- diluted basic	**(3.1)**	(8.8)	65.2
- diluted headline	**(2.1)**	(8.1)	74.1
The net cash flows incurred is as follows:			
Operating	**3**	10	
Investing	**1**	-*	
Financing	**(7)**	(77)	
Net cash (outflow)/inflow	**(3)**	(67)	

* Less than R1 million

Accounting policy
The group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

17. Right-of-use assets

R'm	Group 2021	Group 2020 Restated	Company 2021	Company 2020 Restated
Vehicles and equipment	**18**	19	**18**	19
Cost	**34**	28	**34**	28
Accumulated depreciation	**(16)**	(9)	**(16)**	(9)
Leasehold premises	**4 982**	4 343	**4 612**	3 952
Cost	**7 673**	5 618	**7 082**	5 102
Accumulated depreciation	**(2 691)**	(1 275)	**(2 470)**	(1 150)
Movement in right-of-use asset				
Transition adjustment for IFRS 16	**-**	3 915	**-**	3 520
Opening balance	**4 202**	-	**3 811**	-
Acquisition of Power Fashion	**580**	-	**537**	-
Additions to leases and lease renewals	**1 544**	1 557	**1 466**	1 435
Lease modifications and remeasurements	**(29)**	(17)	**-**	(11)
Impairment of right-of-use asset	**(9)**	-	**(8)**	-
Depreciation - Leasehold premises	**(1 281)**	(1 244)	**(1 169)**	(1 124)
Depreciation - Vehicles	**(7)**	(9)	**(7)**	(9)
	5 000	4 202	**4 630**	3 811

Additions to leases includes right-of-use assets acquired through the Power Fashion business combination transaction during the year.

Impairment of right-of-use asset
A loss-making store would be an indicator of impairment and its recoverable amount would need to be compared to its carrying value to determine if an impairment is required. Future cash flows for the store based a 5 year forecast period were used in the impairment calculation. Discount rate of 13.25% was used. Revenue growth expectations in future years (FY2023 - FY2026) were between 4.0% - 7.0%, with expense growth expected between 5.2% - 7.4%. The impairment relates to the Apparel and Home segments.

Accounting policy
Right-of-use assets are recognised at the commencement date of the lease and are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the amount of lease liabilities recognised, initial direct costs and lease payments made at or before the commencement date less any lease incentives received. Right-of-use are depreciated on a straight-line basis over the lease term. Right-of-use assets are subject to impairment. The value of future cash outflows for leases committed to but that have not yet commenced amounts to R4 721m.

Reductions in COVID-19 lease payments are treated as a negative variable lease payment and are recognised in profit or loss when the rent concession has been agreed with the landlord and the portion of the lease liability that is extinguished by the forgiveness of the lease payments is commensurately derecognised.

Significant accounting estimates
Determination of the right-of-use asset involves judgement on and estimate of key inputs being interest rates, future cashflow and the duration of the lease contract including take up of lease options.

18. Long-term receivables

R'm	Group 2021	Group 2020	Company 2021	Company 2020
Mr Price Mobile (Pty) Ltd long-term receivables	**5**	18	**-**	-
Total receivables	**26**	62	**-**	-
Less: amount to be received in the next financial year transferred to trade and other receivables	**(21)**	(44)	**-**	-
Contract asset	**3**	3	**-**	-
Acquired in Power Fashion business combination	**19**	-	**19**	-
Other long-term receivables	**10**	4	**10**	4
	37	25	**29**	4

The Mr Price Mobile (Pty) Ltd long-term receivable refers to the portion of the handset debtor that is due beyond the next 12 months. The debtor is recognised when the handset is delivered to the customer and is amortised over the expected contract term.

The contract asset represents the long-term portion of Mr Price Mobile (Pty) Ltd's right to consideration in exchange for goods or services that Mr Price Mobile (Pty) Ltd has transferred to the customer.

Accounting policy
Long-term receivables are classified as financial assets measured at amortised cost and are recorded at fair value at inception using the effective interest rate implicit in the cash flows of the receivable. This effective interest rate is established by considering the market rate of interest for a similar investment on the date of each contribution. The simplified approach is used to measure the ECL on the contract asset. Refer to note 9 for further details.

19. Financial risk management

19.1 Financial risk management and financial instruments

Accounting for financial instruments
Financial instruments comprise investments in equity and debt securities, loans receivable, trade and other receivables (excluding prepayments), investments in self-insurance cell captives, cash and cash equivalents, other non-current liabilities (excluding provisions), bank overdrafts, derivatives and trade and other payables.

Recognition
Financial assets and liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instruments. Financial assets are recognised on the date the group commits to purchase the instruments (trade date accounting); if not, they are classified as non-current. Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date. Financial liabilities are classified as non-current if the group has an unconditional right to defer payment for more than 12 months from the reporting date.

Classification
All recognised financial assets that are within the scope of IFRS 9 are initially recognised at amortised cost, fair value through other comprehensive income or fair value through profit or loss. These financial assets are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial liabilities are classified as measured at amortised cost except for those derivative liabilities that are measured at FVTPL.

Measurement on initial recognition
All financial assets (unless it is a trade receivable without a significant financing component) and liabilities are initially measured at fair value, including transaction costs, except for those classified as at FVTPL which are initially measured at fair value excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss. A trade receivable without a significant financing component is initially recognised at the transaction price.

Subsequent measurement: Financial assets
Subsequent to initial recognition, financial assets are measured as described below.

Category	Subsequent measurement
FVTPL	These financial assets are subsequently measured at fair value and changes therein (including any interest or dividend income) are recognised in profit or loss.
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Derivative assets	Derivative assets are subsequently measured at fair value with changes therein recognised in profit or loss.

Subsequent measurement: Financial liabilities
All financial liabilities, excluding derivative liabilities, are subsequently measured at amortised cost using the effective interest method. Derivative liabilities are subsequently measured at fair value with changes therein recognised in profit or loss.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial asset/liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Impairment
Under IFRS 9 the group calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost and contract assets.

Expected credit losses
The group has the following financial assets subject to the ECL model:
- Trade receivables;
- Contract assets; and
- Long-term receivables;

The table below shows a reconciliation of the loss allowance for the year under the IFRS 9 ECL model:

	2021	Lifetime expected credit loss			2020	Lifetime expected credit loss		
R'm	12 month expected credit losses	Collectively assessed	Credit-impaired financial assets	Total	12 month expected credit losses	Collectively assessed	Credit-impaired financial assets	Total
Group								
Loss allowance at beginning of year	114	69	56	239	86	48	63	197
Changes from updating the expected credit losses	-	-	-	-	-	-	-	-
Loans derecognised during the period	(25)	(52)	(16)	(93)	(8)	(2)	(6)	(16)
Newly originated / purchased loans	8	(7)	(16)	(15)	22	(1)	(9)	12
Write offs			(339)	(339)	-	-	(195)	(195)
Changes in models/risk parameters	13	71	387	471	14	24	203	241
Loss allowance at end of year	110	81	72	263	114	69	56	239
Company								
Loss allowance at beginning of year	108	70	47	225	79	52	57	188
Changes from updating the expected credit losses	-	-	-	-	-	-	-	-
Loans derecognised during the period	(25)	(52)	(17)	(94)	(8)	(1)	(6)	(15)
Newly originated / purchased loans	11	(9)	(24)	(22)	23	(6)	(20)	(3)
Write offs	-	-	(327)	(327)	-	-	(184)	(184)
Changes in models/risk parameters	13	73	387	473	14	25	200	239
Loss allowance at end of year	107	82	66	255	108	70	47	225

Where "changes in the expected credit losses" represents changes in roll forward rates and how much the group expects to roll to write off over the lifetime of the asset and "changes in models/risk parameters" denotes the combination of changes in risk classifications (risk classifications within the model segmentation such as delinquency stage and behaviour scores etc.), recovery, discount rate and economic adjustments.

The COVID-19 pandemic had a significant impact on business performance and the level 5 lockdown in South Africa that was implemented in March 2020 resulted in the group taking a decision to freeze the debtor portfolio ageing for two months. The debtors portfolio has declined, as a result of muted credit sales, conservative new account rules and high write off values experienced.

The following table is a reconciliation of the opening balance and closing balance of the gross carrying amount of financial assets giving rise to the provision:

Group								
Gross carrying amount at beginning of year	2 018	161	108	2 287	1 879	171	121	2 171
Newly originated/purchased loans	5 055	70	45	5 170	6 307	95	20	6 422
Write offs	-	-	(355)	(355)	-	-	(254)	(254)
Loans that have been derecognised during the period	(4 814)	(104)	(162)	(5 080)	(5 758)	(102)	(38)	(5 898)
Other changes	(540)	42	442	(56)	(410)	(3)	259	(154)
Gross carrying amount at end of year	1 719	169	78	1 966	2 018	161	108	2 287
Company								
Gross carrying amount at beginning of year	2 012	127	99	2 238	1 874	134	116	2 124
Newly originated/purchased loans	5 009	64	44	5 117	6 304	58	17	6 379
Write offs	-	-	(327)	(327)	-	-	(232)	(232)
Loans that have been derecognised during the period	(4 770)	(83)	(167)	(5 020)	(5 756)	(70)	(54)	(5 880)
Other changes	(535)	43	427	(65)	(410)	5	252	(153)
Gross carrying amount at end of year	1 716	151	76	1 943	2 012	127	99	2 238

Where “other changes” include movements in closed accounts and insurance on the storecard amongst others. At year end, there are no financial instruments which are credit impaired or financial assets for which the credit risk has increased significantly since initial recognition.

General hedge accounting

The group uses derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign currency fluctuations. Derivative financial instruments are initially recognised at fair value on the date the contract is entered into and are subsequently measured at fair value, which is calculated with reference to current forward exchange contracts with equivalent maturity periods. Gains or losses arising from fair value adjustments are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in OCI.

It is the group’s policy to hedge foreign exchange risk associated with committed purchase orders and highly probably forecast orders which are denominated in foreign currencies. Options and structured solutions are available for use as part of the hedging strategy but should not exceed 30% of the confirmed foreign exchange exposure in any one month. Additionally, forward exchange contracts constitute the majority of hedges taken out.

A hedge book utilising a portfolio approach will have a lower volatility when compared to a hedge book using only forward contracts. In addition to vanilla FECs, the hedging instruments approved by the FX Committee are Options. The purchase and sale of an equal and opposite call and put will equate to a synthetic forward which is equivalent to a FEC and can be used for hedge accounting. To reduce the cost of hedging, an additional put can be sold with the premium reducing the cost of the synthetic forward. However, this additional put will not qualify as a hedging instrument as it is a net written option.

At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument’s fair value in offsetting the exposure to changes in the hedged item’s cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in the cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the group’s risk management activities have also been introduced.

Consistent with prior periods, the group has continued to designate the change in fair value of the entire forward contract, i.e. including the forward element, as the hedging instrument in the group’s cash flow hedge and fair value hedge relationships.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement.

The group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions.

When the hedged item results in the recognition of a non-financial asset or non-financial liability, the amounts recognised in OCI are transferred to the initial cost or other carrying amount of the non-financial asset or liability. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

Significant judgements

The group has applied significant judgements in determining which instruments qualify as hedging instruments. The group has applied judgement to the separate contracts of purchased options. A synthetic forward (consisting of a purchased option and a written option) has no net premium received, the critical terms of amount, strike price, expiration date and settlement date of the purchased and written option are the same, and the notional amount of the written option is not greater than that of the purchased option as notional amounts are the same. Therefore the synthetic forward is not a net written option and would be an eligible hedging instrument.

A separate contract for a stand alone put option would be only a written contract and would not be eligible as a hedging instrument. There is no contractual linkage between the synthetic forward and the stand alone put option.

19.2 Financial risk management

The group is exposed, directly and indirectly, to market risk, including, primarily, changes in interest rates and currency exchange rates and uses derivatives and other financial instruments in connection with its risk management activities. The board of directors carries the ultimate responsibility for the overseeing of the group’s risk management framework and is accountable for designing, implementing and monitoring the process of risk management and integrating it into the daily activities of the group.

19.3 Capital and treasury risk management

The group which is a cash-based business, monitors capital through a process of analysing the underlying cash flows, which in turn drives the residual capital structure, consisting of share capital, share premium, reserves and retained income as quantified in the statement of changes in equity. The group manages its capital to ensure that it will be able to maintain healthy capital ratios in order to sustain its business and maximise shareholder value. Any adjustments are made in light of economic conditions and may include adjusting dividend cover or returning capital to shareholders.

Due to its level of net cash resources, the group has no material borrowings. Cash reserves are available to meet current working capital and capital investment requirements. Costs and cash are actively managed. Refer to note 19.8 Liquidity management for borrowing facilities.

The treasury function is administered at group level where strategies for the funding of working capital requirements and capital expenditure projects are implemented, taking into account cash flow projections and expected movements in interest rates. The group has a policy of remaining highly liquid in order to have the available cash flow to fund expansion of existing businesses and any possible new ventures.

19.4 Interest rate risk management

The group is exposed to interest rate risk from the variable rate applicable to its cash and cash equivalents. Interest rate risk is managed by through the investment of cash and cash equivalents in the appropriate mix of short term instruments with counterparties who possess a high quality credit standing.

An interest sensitivity analysis detailing a 50bps adjustment to the effective interest for cash and cash equivalents has been set out below:

		Group		Company	
R’m		**2021**	2020	**2021**	2020
Rate variance	+0.5%	**29**	19	**21**	20
	-0.5%	**(29)**	(19)	**(21)**	(20)

The prime interest rate decreased 175bps during the FY2021 financial year.

The applicable interest rates during the period were as follows:

	Group and Company	
R’m	**2021**	2020
Average		
Repo interest rate	**3.69%**	6.50%
Prime interest rate	**7.19%**	10.00%
Closing		
Repo interest rate	**3.50%**	5.25%
Prime interest rate	**7.00%**	8.75%

19.5 Investment in foreign operations

The group is directly exposed to exchange rate fluctuations through its investments in operations outside South Africa. All amounts lent to consolidated entities are rand denominated. The group's investment exposure to currency fluctuations is limited to subsidiaries in Botswana, Nigeria, Ghana, Zambia, Kenya and Poland as the other countries in which the group is invested have currencies that are pegged to the rand. The group's sensitivity to a 10 percent increase and decrease in the rand against the pula, naira, cedi, kenyan shilling, kwacha and polish zloty respectively does not have a significant impact.

19.6 Foreign exchange risk management

The treasury function, administered centrally, is responsible for the overall review and management of the group's foreign exchange risk. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's operating activities and the group's net investments in foreign subsidiaries. Foreign exchange risk is managed through the adoption of a framework which governs, amongst other things; the current exposure, the decision to hedge an exposure, identification of the hedged item, checking effectiveness of hedge and the applicable hedge ratio.

19.6.1 Transactions in foreign currencies

The group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted purchases.

When a derivative is entered into for the purpose of being a hedge, the group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting payable that is denominated in the foreign currency.

Foreign exchange forward contracts are measured at fair value through OCI. These are designated as hedging instruments in cash flow hedges of forecast purchases in USD. These forecast transactions are highly probable. The terms of the foreign currency forward contracts approximate the terms of the expected highly probable forecast transactions.

The below tables presents information relating the to group's commitment to purchase foreign currency at year end.

At year end forward exchange contract commitments were:

Group and Company	Current commitment US$'m	Exchange rate R/US$ - average contract rate	Rand equivalent at contract rate R'm	Exchange rate R/US$ - year end revaluation rate	Fair value adjustment (loss)/ gain R'm
2021					
- Asset	**-**	**-**	**-**	**-**	**-**
- Liability	**141**	**16.01**	**2 257**	**14.89**	**(158)**
	141	**16.01**	**2 257**	**14.89**	**(158)**
2020					
- Asset	117	14.88	1 738	17.81	342
- Liability	-	-	-	-	-
	117	14.88	1 738	17.81	342

* less than R1 million

At year end synthetic forward exchange contract commitments were:

2021					
- Asset	**57**	**15.62**	**882**	**16.73**	**63**
- Liability	**111**	**16.01**	**1 785**	**15.79**	**(24)**
	168	**15.87**	**2 667**	**16.11**	**39**
2020					
- Asset	-	-	-	-	-
- Liability	-	-	-	-	-
	-	-	-	-	-

At year end options were:

Group and Company	Current commitment US$'m	Exchange rate R/US$ - average contract rate	Rand equivalent at contract rate R'm	Exchange rate R/US$ - year end revaluation rate	Fair value adjustment (loss)/ gain R'm
2021					
- Asset	**-**	**-**	**-**	**-**	**-**
- Liability	**(57)**	**15.62**	**847**	**14.99**	**(35)**
	(57)	**15.62**	**847**	**14.99**	**(35)**
2020					
- Asset	-	-	-	-	-
- Liability	-	-	-	-	-
	-	-	-	-	-

At year end outstanding foreign creditors were:

2021					
- Asset	**20**	**14.97**	**294**	**14.71**	**(5)**
- Liability	**-***	**14.66**	**7**	**14.77**	**-***
	20	**14.96**	**301**	**14.71**	**(5)**
2020					
- Asset	4	17.51	66	17.36	1
- Liability	20	15.92	311	17.36	(28)
	24	16.18	377	17.36	(27)

The applicable spot rates of exchange during the period were as follows:

	Group and Company	
R'm	**2021**	2020
USD - Average	**16.14**	14.74
USD - Closing	**14.68**	17.36

Presented below is the reconciliation of the amounts added to/(subtracted from) the hedging reserve loss as disclosed under other comprehensive income:

Opening balance loss	**(247)**	(20)
Mark-to-market adjustments	**538**	(372)
Amounts reclassified to the cost of the non-financial asset recognised	**-**	57
Deferred tax	**(151)**	88
Closing balance (loss)/gain	**140**	(247)

There is an economic relationship between the hedged item and the hedging instrument as the terms of the foreign exchange contracts match the terms of the expected highly probable forecast transactions (i.e. notional amount and expected payment date). The group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts are identical to the hedged risk components.

To test the hedge effectiveness, the group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. Accordingly, all hedges were assessed to be effective for the year.

*Less than R1 million

All cash flow hedges of the expected future purchases in FY2021 were assessed to be highly effective. At the reporting date no hedge or portion thereof were considered to be ineffective and as a result as at 03 April 2021, a net unrealised loss of R538 million (2020: net unrealised gain R315 million), with a related deferred tax asset of R151 million (2020: deferred tax liability R88 million) was included in OCI in respect of these contracts.

The amounts retained in OCI at 3 April 2021 are expected to mature and affect the statement of profit or loss in FY2022. The expected maturity of the group's foreign currency commitments are as follows:

Group and Company US$'m	On demand	Less than three months	Three months to one year	One to five years	Total
2021					
Forward exchange contracts accounted for as hedges	**-**	**(72)**	**(69)**	**-**	**(141)**
Options	**-**	**12**	**45**	**-**	**57**
Synthetic forward exchange contracts accounted for as hedges	**(55)**	**(23)**	**(90)**	**-**	**(168)**
Foreign trade creditors at year end	**-**	**20**	**-**	**-**	**20**
	(55)	**(63)**	**(114)**	**-**	**(232)**
2020					
Forward exchange contracts accounted for as hedges	-	56	61	-	117
Foreign trade creditors at year end	24	-	-	-	24
	24	56	61	-	141

The group's sensitivity to a movement in exchange rates related to the forward exchange contracts held, as well as the outstanding foreign creditor over the financial year and its related impact on profit and equity is presented in the table below:

		Group and Company		**Group and Company**	
		Profit before tax	Other comprehensive income	Profit before tax	Other comprehensive income
R'm		**2021**	**2021**	2020	2020
Rate variance - US$					
Forward exchange contracts accounted for as hedges	+10%	**-**	**226**	-	(174)
	-10%	**-**	**(226)**	-	174
Synthetic forward exchange contracts accounted for as hedges	+10%	**-**	**267**	-	-
	-10%	**-**	**(267)**	-	-
Options	+10%	**88**	**-**	-	-
	-10%	**(88)**	**-**	-	-
Foreign trade creditors at year end	+10%	**30**	**-**	38	-
	-10%	**(30)**	**-**	(38)	-
Total	+10%	**118**	**493**	38	(174)
	-10%	**(118)**	**(493)**	(38)	174

19.7 Credit risk management

Credit risk is concentrated principally in periodic short-term cash investments, in trade receivables, long-term receivables and loans to consolidated entities. The group deposits short-term cash surpluses only with major banks of high quality credit standing. The granting of credit to trade debtors is controlled with statistical scoring models and performance parameters which are reviewed on a regular basis. The maximum exposure in respect of trade receivables and the group's risk management policies regarding trade receivables are disclosed in note 9.

The credit risk assessment of financial assets that are neither past due nor impaired are performed regularly with reference to external credit ratings (where available) or based on the historical default rates related to the specific counterparty. The table below summarises the group's internal rating of financial assets as well as the key inputs into the rating selection

Financial assets	**Credit risk assessment**	**Key considerations**
Long-term receivables and other investments	Low	The long-term receivables have been assessed as low as the group has a well established credit policy under which each individual is assessed for creditworthiness based on information provided (both by the applicant and credit bureau data), statistical scoring models, performance data and an assessment of affordability. Credit exposure per individual is reviewed regularly and adjusted accordingly if required
Trade and other receivables	Low	Refer to Note 9
Derivative financial instruments	Low	The group limits its exposure to credit risk through dealing with well-established financial institutions with high credit standings, and thus management does not expect any counterparty to fail to meet its obligations.
Cash and cash equivalents	Low	

The analysis below details the group's sensitivity to a 1% increase and decrease in the interest rate charged to debtors and its effect on income for the year.

		Group		**Company**	
R'm		**2021**	2020	**2021**	2020
Rate variance	+1%	**19**	21	**19**	21
	-1%	**(19)**	(21)	**(19)**	(21)

Further analysis below details the group's sensitivity to a 2% increase and decrease in the interest rate charged to debtors and its effect on income for FY2021.

		Group		**Company**	
R'm		**2021**	2020	**2021**	2020
Rate variance	+2%	**38**	42	**38**	42
	-2%	**(38)**	(42)	**(38)**	(42)

At 3 April 2021 the group did not consider there to be any significant concentration of credit risk for which it had not adequately provided.

The group has considered the impact of COVID-19 on credit risk and the recoverability of receivables in an uncertain economic environment. The impairment of receivables has been increased to taken into consideration potential financial difficulty that will be faced by the customer and the likely increase of bad debts in the next financial year. Refer note 9.

19.8 Liquidity management

The group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows. The group has significant cash reserves and minimal borrowings which enable it to borrow funds externally should it require to do so to meet any working capital or possible expansion requirements. As a consequence banking legislation which requires fees to be paid relative to the size of the facility, the group has only entered into limited loan facility arrangements to the extent that fees are not payable. The year end position was a follows:

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Total lending facilities	**500**	450	**450**	450
Less: drawn down portion	**-**	(8)	**(8)**	(8)
Total undrawn banking facilities	**500**	442	**442**	442

Based on the group's existing cash resources and expected future cash flows, there is no foreseeable need to enter into borrowings Furthermore, due to the group's strong financial position, should further borrowings be required, the group would be able to obtain any necessary funding within a short period, subject to bank approval.

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Actual borrowings outside the group at year end were	**-**	-	**-**	-
At year end bank balances were	**4 949**	4 726	**4 274**	4 032
Net cash resources were	**4 949**	4 726	**4 274**	4 032

The table below details the group's expected maturity for its non-derivative financial liabilities:

Group R'm	On demand	Less than three months	Three months to one year	One to five years	Total
2021					
Trade and other payables	**634**	**1 614**	**294**	**-**	**2 542**
Purchase price payable	**-**	**-**	**-**	**-**	**-**
Long-term liabilities	**-**	**-**	**-**	**4**	**4**
	634	**1 614**	**294**	**4**	**2 546**
2020					
Trade and other payables	657	1 310	153	-	2 120
Purchase price payable	-	2	14	-	16
	657	1 312	167	-	2 136
Company R'm					
2021					
Trade and other payables	**585**	**1 598**	**281**	**-**	**2 464**
Purchase price payable	**-**	**-**	**-**	**-**	**-**
Long-term liabilities	**-**	**-**	**-**	**4**	**4**
	585	**1 598**	**281**	**4**	**2 468**
2020					
Trade and other payables	601	1 306	142	-	2 049
Purchase price payable	-	2	14	-	16
	601	1 308	156	-	2 065

The group expects to meet its obligations from existing cash reserves and from operating cash flows.

19.9 Category and fair value of financial instruments

Financial instruments as disclosed on the statement of financial position are accounted for using the policies applicable and are categorised below. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Group R'm	Fair value measurement using	Financial assets at amortised cost	Derivatives accounted for as hedges	Derivatives at fair value through profit or loss	Financial liabilities at amortised cost	Total
2021						
Financial Assets		**37**	**24**	**-**	**-**	**61**
Long-term receivables and other investments	Level 2	**37**	**-**	**-**	**-**	**37**
Derivative financial instruments	Level 2	**-**	**24**	**-**	**-**	**24**
Financial Liabilities		**-**	**221**	**63**	**4**	**288**
Long-term liabilities	Level 2	**-**	**-**	**-**	**4**	**4**
Derivative financial instruments	Level 2	**-**	**221**	**63**	**-**	**284**
Total		**37**	**245**	**63**	**4**	**349**

Company R'm	Fair value measurement using	Financial assets at amortised cost	Derivatives accounted for as hedges	Derivatives at fair value through profit or loss	Financial liabilities at amortised cost	Total
2021						
Financial Assets		**29**	**24**	**-**	**-**	**53**
Long-term receivables and other investments	Level 2	**29**	**-**	**-**	**-**	**29**
Derivative financial instruments	Level 2	**-**	**24**	**-**	**-**	**24**
Financial Liabilities		**-**	**221**	**63**	**4**	**288**
Long-term liabilities	Level 2	**-**	**-**	**-**	**4**	**4**
Derivative financial instruments	Level 2	**-**	**221**	**63**	**-**	**284**
Total		**29**	**245**	**63**	**4**	**341**

Group R'm	Fair value measurement using	Financial assets at amortised cost	Derivatives accounted for as hedges	Financial liabilities at amortised cost	Total
2020					
Financial Assets		25	342	-	367
Long-term receivables and other investments	Level 2	25	-	-	25
Derivative financial instruments	Level 2	-	342	-	342
Financial Liabilities		-	-	-	-
Long-term liabilities	Level 2	-	-	-	-
Derivative financial instruments	Level 2	-	-	-	-
Total		25	342	-	367

Company R'm	Fair value measurement using	Financial assets at amortised cost	Derivatives accounted for as hedges	Financial liabilities at amortised cost	Total
2020					
Financial Assets		4	342	-	346
Long-term receivables and other investments	Level 2	4	-	-	4
Derivative financial instruments	Level 2	-	342	-	342
Financial Liabilities		-	-	-	-
Long-term liabilities	Level 2	-	-	-	-
Derivative financial instruments	Level 2	-	-	-	-
Total		4	342	-	346

The fair value of long term receivables is measured using level 2 techniques. Fair values have been estimated using a discounted cash flow model. The discounted cash flow model requires management to make assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility.

The fair value of forward exchange contracts is measured using level 2 techniques. The significant inputs into the Level 2 fair value of forward exchange contracts are yield curves, market interest rates and market foreign exchange rates. There have been no transfers between the levels during the year.

The fair value of options and synthetic forwards is measured using level 2 techniques. The significant inputs into the Level 2 fair value of options and synthetic forwards are strike price of the option, current spot price, time to expiration, risk-free rate and volatility.

Financing Structure and Commitments

20. Lease obligations and lease liabilities

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Movement in lease liabilities				
Opening balance	**5 041**	-	**4 583**	-
Transition adjustment for IFRS 16	**-**	4 604	**-**	4 166
Additions for new leases and lease renewals	**1 568**	1 628	**1 435**	1 507
Acquired from Power Fashion	**580**	-	**580**	-
Impact of lease modifications and remeasurements	**(75)**	(55)	**(28)**	(72)
Interest on lease liabilities	**475**	453	**437**	414
Lease payments	**(1 649)**	(1 589)	**(1 503)**	(1 432)
	5 940	5 041	**5 504**	4 583
Less: short-term portion repayable within one year	**1 164**	1 027	**1 078**	917
Long-term portion of lease liabilities	**4 776**	4 014	**4 426**	3 666
Contractual undiscounted cashflows				
Within one year	**2 078**	1 497	**1 927**	1 359
After one year but less than five years	**4 331**	3 316	**4 021**	3 042
More than five years	**749**	1 007	**712**	952
	7 158	5 820	**6 660**	5 353
Less: Unearned interest	**(1 218)**	(779)	**(1 156)**	(770)
	5 940	5 041	**5 504**	4 583

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Expense related to short-term leases	**-**	2	**-**	2
Expense related to leases of low-value assets	**21**	20	**21**	20
Variable lease payments*	**(97)**	8	**(99)**	7
Total cash outflow for leases	**1 689**	1 619	**1 541**	1 461

* Includes COVID-19 related rent concessions of R116m (refer note 2.1)

Accounting policy

Lease liabilities mostly relate to store leases, representing the financial obligation of the group to make lease payments to landlords to use the underlying leased premises during the lease term. The majority of leases are for 5 years, and some include an option to renew on expiry. The lease term includes a renewal period based on historical store performance. Where there are 2 options periods, only the first option has been taken into account in the lease term.

Variable lease payments that do not depend on an index or rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs. Some leases include rental based on turnover, and these are expensed as part of variable lease payments when incurred.

The group applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The group remeasures a lease liability when a lease contract is modified. The lease modification is not accounted for as a separate lease but rather the existing lease liability is remeasured by discounting the revised lease payments using the revised discount rate. A corresponding adjustment is made to the related right-of-use asset.

Significant accounting estimates

Determination of the lease liabilities involves judgement on and estimate of key inputs being interest rates, future cashflow and the duration of the lease contract including take up of lease options.

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. Judgement is exercised in determining the likelihood of exercising extension options in determining the lease term, including considerations of the initial term of the lease, economic uncertainty of countries the group trades in and uncertainty over the feasibility of certain business units.

Subsequent to the commencement date of lease agreements, lease terms are reassessed when there is a significant event or change in circumstances that is within the group's control and affects its ability to exercise or not to exercise the option to renew.

Significant events could include a change in the group's assessment of whether it is reasonably certain to exercise a renewal which includes if a store is expected to be relocated or closed.

Incremental borrowing rates applied in the measurement of certain lease liabilities are specific to the term and commencement date of the applicable lease agreement. Incremental borrowing rates are based on a series of inputs including the prime lending rate.

21. Long-term liabilities

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Long-term loan	**4**	-	**4**	-
Other long-term payables	**-**	-	**-**	-
	4	-	**4**	-

Long-term loan relates to instalment sale agreements for vehicles acquired in a business combination.

Accounting policy
The above is classified as a financial liability and measured at amortised cost and is recorded at fair value at inception using the effective interest rate implicit in the cash flows of the payable.

22. Retirement benefits

22.1 Pension schemes

22.1.1 Membership

The funds are registered in terms of the Pension Funds Act and provide for pensions and related benefits for all permanent employees. Membership is compulsory after the first year of service. Membership details are disclosed in the Remuneration Report on pages 106 - 107.

22.1.2 Contributions

Group defined benefit fund
Pensions are based on length of service and highest average annual salary earned over two years during the last 10 years of employment. The members are required to contribute to the funds mainly at the rate of 7.0% of their pensionable remuneration while the employer is required to contribute mainly at the rate of 7.0%.

Group defined contribution fund
The members are required to contribute to the funds mainly at the rate of 7.5% of pensionable remuneration and the employer is required to contribute mainly at the rate of 11.0%.

22.1.3 Valuations

Defined benefit pension fund

	Group and Company	
R'm	**2021**	2020
The funded status of the defined benefit retirement fund, actuarially calculated annually at reporting date in terms of IAS 19, is as follows:		
Benefit obligation	**(54)**	(51)
Plan assets	**123**	106
Net benefit plan asset	**69**	55

The amounts recognised in the income statement are detailed in note 4.

The following main assumptions were used in performing the calculation:
- Discount rate - 13.1% per annum (2020: 11.8% per annum)
- Inflation -7.9% per annum (2020: 7.0% per annum)
- Future salary increases - 8.9% per annum (2020: 8.0% per annum)

Movements in the present value of the defined benefit obligation in the current period were as follows:

	Group and Company	
R'm	**2021**	2020
Defined benefit obligation at beginning of the year	**51**	54
Current service cost	**2**	2
Member contributions	**1**	1
Interest cost	**6**	6
Actuarial gain	**(3)**	(6)
Benefits paid	**(2)**	(4)
Risk premiums	**(1)**	(2)
Defined benefit obligation at end of the year	**54**	51

Movements in the present value of the plan assets in the current period were as follows:

Fair value of plan assets at beginning of the year	**106**	118
Expected return on assets	**12**	13
Contributions	**-***	-*
Risk premiums	**-***	-*
Benefits paid	**(2)**	(4)
Actuarial gain/(loss)	**7**	(21)
Fair value of plan assets at end of the year	**123**	106

* less than R1 million

The estimated asset composition of the fair value of total plan assets is as follows:

%		
Cash	**65.1**	5.5
South African equities	**-**	38.6
South African bonds	**34.9**	16.6
South African property and other	**-**	10.2
International assets	**-**	29.1
	100.0	100.0

Sensitivity analysis on the assumed discount rate and inflation rate as follows:

	Group and Company	
	2021	
	+1%	**-1%**
The effect of an increase or decrease of 1% in the assumed discount rate as follows:	-14.6%	18.2%
	+1%	**-1%**
The effect of an increase or decrease of 1% in the assumed inflation rate as follows:	16.6%	-13.7%

Due to the valuation above being based on a number of assumptions, the defined benefit obligation could vary from the amounts disclosed, depending on the extent to which actual experience differs from the assumptions adopted.

The estimated defined benefit cost for 2022 financial year is as follows; a current service cost of R172.0m (2021: R175.5m), an expected return on plan assets of R16.2m (2021: R12.5m) and an interest cost of R7.4m (2021: R6.3m). The estimated contributions are R170.0m.

Defined contribution funds
The defined contribution funds are valuation exempt. The actuarial function remains present through an Enhanced Financial Assessment (EFA) process, which is a quarterly actuarial assessment that looks at the financial soundness of the Fund; and sets out the allocations of contributions to the Fund. The report includes a comparison of the total assets to the total liabilities of the Fund in order to determine the funding level. The most recent EFA reports as at 31 December 2019 concluded that the funding level of the Funds was within the tolerance levels set by the administrators.

22.2 Post retirement medical benefits
The obligation of the group to pay medical aid contributions for members who have retired is no longer part of the conditions of employment for new associates. A limited number of pensioners and current associates who remain members of the defined benefit pension fund are entitled to this benefit. The entitlement to the benefit for current associates is dependent upon the associate remaining in service until retirement age. Actuarial valuations of the group's liability, in terms of IAS 19, are undertaken every three years with the last valuation performed on 31 March 2020. The main assumptions used in performing these valuations are reviewed annually. Any detection of a material variation in a main assumption would give rise to a new valuation. The obligation for post retirement medical aid benefits is unfunded. The following main assumptions were used in performing the valuation at 3 April 2021:

Liability was based on current membership
Health care cost inflation - 9.5% per annum (2020: 9.5% per annum)
Discount rate - 13.5% per annum (2020: 13.5% per annum)
Average retirement age - 62 years (2020: 62 years)
Continuation at retirement - 100% (2020: 100%)

Activity during the year was as follows:

	Group and Company	
R'm	**2021**	2020
Benefit obligation at beginning of the year	**18**	31
Net increase/(decrease) in provision during the year	**2**	(13)
Benefit obligation at end of the year	**20**	18

The effect of an increase or decrease of 1% in the assumed healthcare cost inflation is as follows:

	+1%	**-1%**
Aggregate of the current service cost and interest cost	+14.0%	-11.6%
Accrued liability at year end	+13.0%	-10.9%

The effect of an increase or decrease of 1% in the assumed discount rate is as follows:

Accrued liability at year end	-10.6%	+12.9%

The effect of an increase or decrease of 1 year in the assumed expected retirement age is as follows:	1 year older	1 year younger
Accrued liability at year end	-4.3%	+4.0%

22.3 Defined benefit fund actuarial gains and losses

Reconciliation of defined benefit fund actuarial gains and losses reserve

	Group and Company	
R'm	**2021**	2020
Beginning of the year	**(4)**	(3)
Current year actuarial gain/(loss)	**8**	(2)
Deferred taxation thereon	**(2)**	1
End of the year	**2**	(4)

Short-term employee benefits
Short-term employee benefits are recognised in the period of service. Short-term employee benefits paid in advance are treated as prepayments and are expensed over the period of the benefit.

Accounting policy
Defined benefit retirement fund and post-retirement medical aid fund
The costs of providing benefits under the defined retirement benefit fund and the obligation for post-retirement medical aid benefits (which is limited to members of the defined benefit retirement fund) is determined using the projected unit credit actuarial valuation method. Actuarial gains or losses, which can arise from differences between expected and actual outcomes, or changes in actuarial assumptions, are recognised immediately in other comprehensive income. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating profit.

The defined benefit fund asset reflected in the statement of financial position represents the present value of the defined benefit asset as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. The asset resulting from this calculation is limited to past service costs, plus the present value of available refunds and reductions in future contributions to the plan. Past service costs are recognised immediately to the extent that benefits have already vested, and are otherwise amortised on a straight-line basis over the average period until the benefits become vested.

Defined contribution retirement fund
Payments to defined contribution retirement funds are expensed as they accrue in terms of services provided by employees.

Significant accounting estimates
Employee benefits actuarially determined
The costs of the defined benefit pension fund plan and the post-retirement medical benefit fund are determined actuarially. The actuarial valuations involve making assumptions regarding various factors (as detailed in this note). Due to the long-term nature of these liabilities such estimates are subject to uncertainty.

23. Capital expenditure

	Group		Company	
R'm	**2021**	2020	**2021**	2020
The capital expenditure authorised by the directors of the company or its consolidated entities but not provided for in the financial statements amounts to	**721**	401	**713**	390
of which contracts have been placed for*	**100**	79	**98**	78

*The above capital expenditure is expected to be financed from future cash flows.

24. Contingencies and commitments

During the 2018 financial year, the company received an assessment from SARS relating to the disallowance of an income tax deduction claimed in the 2014 year of assessment. The company, supported by senior counsel's opinion, appealed the decision of the Commissioner to disallow the company's objection to the assessment. During May 2021, shortly before the case was due to be heard in the tax court, SARS reconsidered the matter and allowed the company's appeal in full based on certain procedural issues. This is a subsequent event disclosed in note 36.

During the 2021 financial year, SARS has further assessed the company disallowing the same deduction in the 2015, 2016 and 2017 years of assessment. The company has objected to this assessment. The amount assessed by SARS amounts to R56.2m, including interest charged to March 2021 of R16.7m. The overall potential impact on the income statement amounts to R56.2m (March 2020: R10.9m).

No adjustments have been made to the financial statements as the directors are of the opinion that the likelihood of a liability is remote.

Taxation

25. Taxation

25.1 South African and foreign taxation

25.1.1 South African taxation

	Group		Company	
R'm	**2021**	2020	**2021**	2020
This year	**971**	1 028	**966**	1 019
Current				
Normal taxation	**1 078**	1 062	**1 070**	1 051
Securities Transfer Tax	**-**	-	**-**	-
Deferred				
Current year temporary differences	**(107)**	(34)	**(104)**	(32)
Prior years	**(1)**	(1)	**(1)**	(1)
Current	**(19)**	28	**(19)**	28
Deferred	**18**	(29)	**18**	(29)
25.1.2 Foreign taxation				
This year	**34**	26	**19**	15
Current	**46**	37	**19**	15
Deferred	**(12)**	(11)	**-**	-
Prior years	**1**	-	**-**	-
Current	**1**	-	**-**	-
Deferred	**-**	-	**-**	-
Total taxation	**1 005**	1 053	**984**	1 035

In addition to the above, current normal taxation and deferred taxation amounting to R3.8m (2020: R5.8m charged) and R2.0m (2020: R3.5m credited) respectively have been charged and credited to equity relating to the grants to staff share trusts (refer note 29). Deferred income taxation of R148.3m (2020: R87.5m debit) has been credited to the statement of comprehensive income.

25.2 Reconciliation of taxation rate

	Group		Company	
%	**2021**	2020	**2021**	2020
Standard rate	**28.0**	28.0	**28.0**	28.0
Adjusted for:	**-**	-	**-**	-
Expenses not allowed	**0.1**	0.1	**0.1**	0.1
Exempt income	**(0.8)**	(0.7)	**(1.4)**	(0.9)
Prior year under provision	**-**	-	**-**	-
Unrecognised deferred tax assets	**0.1**	0.3	**-**	-
Other	**0.1**	0.3	**0.4**	1.5
Effective tax rate	**27.5**	28.0	**27.1**	28.7
The estimated taxation losses of consolidated entities available for set-off against future taxable income are (R'm):	**152.5**	112.7		

The taxation expense represents the sum of current taxation and deferred taxation. Taxation rates that have been enacted or substantively enacted by the reporting date are used to determine the taxation balances.

Accounting policy
Current income taxation assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The taxation currently payable is based on the taxable profit for the year, which differs from the profit for the year in the income statement as it excludes both items of income or expense that are taxable or deductible in other years and those items that are never taxable or deductible. Current income taxation relating to items recognised directly in equity is also recognised in other comprehensive income or equity and not in profit or loss.

Significant accounting estimates
Income taxes
The group is subject to income tax in more than one jurisdiction. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

26. Deferred taxation

R'm	Group 2021	Group 2020	Company 2021	Company 2020
Attributable to:				
Post retirement medical aid	**(1)**	(1)	**(1)**	(1)
Fair value adjustments on financial instruments	**(55)**	96	**(55)**	96
Prepayments	**55**	7	**53**	7
Provisions	**(260)**	(154)	**(254)**	(146)
Property, plant and equipment	**182**	198	**179**	193
Other temporary differences	**18**	-	**35**	8
Share based payments	**(289)**	(264)	**(289)**	(264)
Defined benefit fund asset	**14**	11	**14**	11
Grants to staff share trusts	**268**	266	**268**	266
Assessed loss	**(14)**	(13)	**-**	-
Finance leases	**(223)**	(187)	**(204)**	(171)
	(305)	(41)	**(254)**	(1)
Beginning of the year	**(41)**	35	**(1)**	52
Prior year adjustment	**18**	-	**18**	-
Restated balance at beginning of year	**(23)**	35	**17**	52
Acquired from Power Fashion (note 33)	**(20)**	-	**(20)**	-
Movements during the year	**(262)**	(76)	**(251)**	(53)
Prepayments	**51**	2	**49**	3
Provisions	**(92)**	(9)	**(94)**	(8)
Property, plant and equipment	**(17)**	28	**(15)**	29
Other temporary differences	**5**	(21)	**14**	(22)
Share based payments	**(25)**	(32)	**(24)**	(32)
Defined benefit fund actuarial gains	**2**	(4)	**2**	(4)
Grants to staff share trusts	**2**	3	**2**	3
Straight line operating lease liability	**-**	60	**-**	58
Assessed losses	**-**	(7)	**-**	-
Finance leases	**(36)**	(187)	**(33)**	(171)
Fair value adjustments on financial instruments	**(151)**	88	**(151)**	88
Post retirement medical aid	**(1)**	3	**(1)**	3
End of the year	**(305)**	(41)	**(254)**	(1)
Deferred taxation assets	**(305)**	(41)	**(254)**	(1)

Accounting policy

Deferred taxation is provided for all temporary differences (other than temporary differences created on initial recognition which are not part of a business combination and at the time of the transaction no taxation or accounting effect has been recognised and goodwill for which amortisation is not deductible for accounting purposes) arising between the tax bases of assets and liabilities and their carrying amounts on the statement of financial position. Deferred taxation relating to items recognised outside profit and loss is recognised outside profit and loss. Deferred taxation items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred taxation assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and that future taxable profit will be available to allow all or part of the deferred taxation asset to be utilised. Deferred taxation is provided on temporary differences arising on investments in consolidated entities and associates, except for deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred taxation assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation assets and deferred taxation liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Share Capital

27. Share capital

27.1 Authorised

	Group		Company	
R'000	**2021**	2020	**2021**	2020
323 300 000 ordinary shares of 0.025 cent each	**81**	81	**81**	81
19 700 000 B ordinary shares of 0.300 cent each	**59**	59	**59**	59
Total authorised share capital	**140**	140	**140**	140

27.2 Issued

	Group		Company	
R'000	**2021**	2020	**2021**	2020
Ordinary				
255 945 150 (2020: 257 045 727) ordinary shares of 0.025 cent each	**64**	64	**64**	64
B ordinary				
7 689 290 (2020: 7 895 234) B ordinary shares of 0.300 cent each	**23**	24	**23**	24
Total issued share capital	**87**	88	**87**	88

27.3 B ordinary shares

The B ordinary shares are unlisted and are convertible into ordinary shares on a one-for-one basis at the instance of the B ordinary shareholders. The voting rights attached to the ordinary and B ordinary shares are in the same ratio as the par value of the respective shares. In the event of a poll, ordinary shareholders are entitled to one vote per share and B ordinary shareholders to 12 votes per share.

27.4 Share trusts and share purchase schemes

The company operates five share trusts and two forfeitable share plans for the benefit of associates, including executive directors, employed by the company and its consolidated entities. In terms of the deeds of trust, ordinary shares in Mr Price Group Limited may be acquired by the trust or awarded under the schemes for the benefit of associates in the group, including directors. These share schemes are fully detailed in the Remuneration Report on pages 120 to 127.

27.4.1 Share Trusts And Share Purchase Schemes

Five share trusts were established in November 2006, to replace The Mr Price Group Share Option Scheme and two Forfeitable Share Plans (FSP) were introduced during 2014. Details of these plans are as follows:

	Mr Price Executive Director Share Trust	Mr Price Executive Share Trust	Mr Price Senior Management Share Trust	Mr Price General Staff Share Trust	Mr Price Partners Share Trust	Mr Price Group Forfeitable Share Plan	Mr Price Executive Forfeitable Share Plan	Conditional Rights	Share appreciation rights	Executive Conditional Rights	**Group Total**
Award type	Options	Options	Options	Options	Shares	Shares	Shares	Shares	Shares	Shares	
Options/shares at 31 March 2019	1 756 950	1 897 822	2 942 320	3 570 140	4 119 899	111 977	540 072	-	-	-	**14 939 180**
New options/shares granted	273 513	489 826	1 179 042	2 035 843	851 131	-	140 248	-	-	-	**4 969 603**
Surrendered by participants	(46 959)	(280 390)	(906 611)	(484 246)	(721 961)	(18 479)	(81 088)	-	-	-	**(2 539 734)**
Options/shares exercised	-	-	(6 779)	(6 887)	(32 278)	(51 377)	(31 936)	-	-	-	**(129 257)**
Options/shares at 28 March 2020	1 983 504	2 107 258	3 207 972	5 114 850	4 216 791	42 121	567 296	-	-	-	**17 239 792**
New options/shares granted*	-	-	-	-	823 321	-	-	666 730	533 207	533 207	**2 556 465**
Surrendered by participants	(190 691)	(305 805)	(566 329)	(922 902)	(569 701)	-	(56 980)	(22 002)	(11 702)	(11 702)	**(2 657 814)**
Options/shares exercised	-	(16 133)	-	-	(34 839)	-	(35 329)	-	-	-	**(86 301)**
Options/shares at 03 April 2021	1 792 813	1 785 320	2 641 643	4 191 948	4 435 572	42 121	474 987	644 728	521 505	521 505	**17 052 142**
* New options/shares were granted during the current year at a strike price of (per share):	-	-	-	-	-	-	-	-	147.55	-	

The strike price was determined by the lower of the 30 day volume-weighted average price and the closing share price on the business day prior to the award.

The earliest opportunity at which share options are exercisable falls within financial years ending:

Number of options/shares by financial year:

	Mr Price Executive Director Share Trust	Mr Price Executive Share Trust	Mr Price Senior Management Share Trust	Mr Price General Staff Share Trust	Mr Price Partners Share Trust	Mr Price Group Forfeitable Share Plan	Mr Price Executive Forfeitable Share Plan	Conditional Rights	Share appreciation rights	Executive Conditional Rights	**Group Total**
2022	802 993	815 567	632 803	914 984	N/A	-	92 865	-	-	-	**3 259 212**
2023	227 132	231 115	500 000	845 554	N/A	-	90 034	644 728	-	-	**2 538 563**
2024	489 175	300 105	508 115	708 125	N/A	42 121	151 840	-	-	521 505	**2 720 986**
2025	273 513	438 533	1 000 725	1 723 285	N/A	-	140 248	-	-	-	**3 576 304**
2026	-	-	-	-	-	-	-	-	521 505	-	**521 505**
	1 792 813	1 785 320	2 641 643	4 191 948	N/A	42 121	474 987	644 728	521 505	521 505	**12 616 570**

Weighted average price by financial year:

	Mr Price Executive Director Share Trust	Mr Price Executive Share Trust	Mr Price Senior Management Share Trust	Mr Price General Staff Share Trust	Mr Price Partners Share Trust	Mr Price Group Forfeitable Share Plan	Mr Price Executive Forfeitable Share Plan	Conditional Rights	Share appreciation rights	Executive Conditional Rights	**Group Total**
2022	155.47	156.46	138.81	150.98	N/A	N/A	N/A	N/A	N/A	N/A	
2023	188.37	186.59	188.29	192.48	N/A	N/A	N/A	N/A	N/A	N/A	
2024	218.62	223.22	232.44	232.85	N/A	N/A	N/A	N/A	N/A	N/A	
2025	164.83	166.00	165.09	154.75	N/A	N/A	N/A	N/A	N/A	N/A	
2026	-	-	-	-	N/A	N/A	N/A	N/A	147.55	N/A	

Shares are expected to vest unconditionally in the Mr Price Partners Share Trust in 39 years.

27.5 Share-based payments

	Total Executive Directors' Share Options and Shares					Total Executive Directors' Forfeitable Share Plans				
Executive director	Options / shares held at beginning of year	Shares awarded and accepted during year	Options exercised / lapsed during the year	Gain on options exercised during the year (Rm)	Options/ shares held at end of year	Shares granted	Shares vested during year	Shares lapsed during year	Shares held at end of the year	Fair value of shares (Rm)
MM Blair	934 768	178 932	(76 718)	-	1 036 982	117 348	(5 967)	(5 967)	105 414	15
MJ Stirton^	158 843	98 092	-	-	256 935	60 277	-	-	60 277	10
SA Ellis	135 266	34 388	(18 294)	-	151 360	17 970	(1 423)	(1 423)	15 124	2
Total	**1 228 877**	**311 412**	**(95 012)**	**-**	**1 445 277**	**195 595**	**(7 390)**	**(7 390)**	**180 815**	**27**

^ Share incentives for executive director position.

27.5 Share-based payments (continued)

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Share-based payments relating to equity-settled share-based payment transactions in terms of the long term incentive	**88**	118	**88**	118

Share-based payments are measured at fair value (excluding the impact of any non-market vesting conditions) at the date of the grant, which is expensed over the period of vesting. The fair value of each option grant is estimated at the date of the grant using an actuarial binomial option pricing model.

The assumptions supporting inputs into the model for options granted during the year are as follows:

	Conditional Rights	Share Appreciation Rights	Executive Conditional Rights
Weighted average strike price	-	147.55	-
Expected volatility (%)	-	50.0	40.9
Expected option life	3 years	6 years	4 years
Risk free interest rate (%)	4.23	4.50	4.50
Expected dividend yield (%)	4.23	4.16	4.17

The expected volatility was determined, based on the historical volatility of the company's share price over the expected lifetime of each grant. The expected life of the options has been determined taking into account the restrictions on non-transferability and exercise and management's best estimate of probable exercise behaviour.

The risk-free rate used is the yield on zero-coupon South African government bonds which have a term consistent with the expected option life.

In the calculation of the fair value of the options, allowance is not made for non-market conditions (such as forfeitures and leavers) during the vesting period. Adjustment for these conditions is made in the annual expense charge, with an allowance for forfeitures being made in the vesting period at rates varying between 0% and 15% compounded per annum.

The assumptions supporting inputs into the model for the Forfeitable Share Plans with an expected option life of 5 years are as follows:

	Probability	% shares retained
Participants still employed after 1 year	100%	10%
Participants still employed after 2 years	95%	20%
Participants still employed after 3 years	90%	30%
Participants still employed after 4 years	85%	40%
Participants still employed after 5 years	80%	100%

27.6 The Mr Price Group Employees Share Investment Trust

The company administers a staff share purchase scheme which facilitates the purchase of shares in the company for the benefit of employees, including executive directors, employed by the company and its consolidated entities. The acquisition of shares is funded by contributions from participants (employees) while the company is authorised to provide additional funding of up to 15% of the contributions made, which is expensed as an associate cost in the year incurred. In terms of guidance issued by the JSE Limited, the company has consolidated the trust as it was created to incentivise and reward the employees of the group. In the trust's annual financial statements it has Mr Price Group Limited shares to be delivered to the participants in the future. These shares are registered in the name of the trust and not the employees. In addition, the annual financial statements show a liability for the shares to be transferred to employees upon their request them. In the group annual financial statements the Mr Price Group Limited shares are reflected as treasury shares as they have not yet been transferred to the employees, while the amounts received for the shares to be transferred to employees are treated as equity transactions.

27.7 Unissued share capital

The unissued share capital required for the purposes of carrying out the terms of the various share trusts and schemes is under the control of the directors until the conclusion of the forthcoming annual general meeting.

28. Capital reserves

28.1 Share premium account

	Group		Company	
R'm	**2021**	2020	**2021**	2020
Share premium account	**12**	12	**-***	-*

* less than R1 million

28.2 Participants in staff share investment trust (note 27.6)

R'm		
Participants in staff share investment trust (note 27.6)	**35**	34
Beginning of the year	**34**	34
Net movement for the year	**1**	-*

* less than R1 million

28.3 Share-based payments reserve

	Group 2021	Group 2020	Company 2021	Company 2020
Share-based payments reserve	**335**	270	**335**	270
Beginning of the year	**270**	323	**270**	323
Recognition of share-based payments for the year	**65**	(53)	**65**	(53)
Share-based payments for options/shares granted in current year	**88**	118	**88**	118
Share-based payments reserve transferred to retained income for options that have vested from inception to date	**(9)**	(115)	**(9)**	(115)
Share-based equity reserve hedge cost	**(14)**	(56)	**(14)**	(56)
Total capital reserves	**382**	316	**335**	270

The above equity account represents cumulative share based payment charges that have been credited to equity net of transfers to retained income for options that have vested.

Accounting policy
Share-based payments
The group operates share incentive schemes for the granting of non-transferable options or shares to associates (employees). Equity-settled share-based payments in terms of the schemes are measured at fair value (excluding the impact of any non-market vesting conditions) at the date of the grant, which is expensed over the period of vesting of the grant, with a corresponding adjustment to equity. Fair value is actuarially determined using a binomial valuation model. At each reporting date the estimate of the number of options that are expected to vest is revised, and the impact of this revision is recognised on a cumulative catch-up basis in the income statement, with a corresponding adjustment to equity. Assumptions used in the respective valuations are detailed in note 27.5. Upon vesting, the amount remaining in the share-based payment reserve relating to any such vested tranche is transferred within equity to retained earnings.

Derivatives over own equity
The group has derivative contracts over its own equity which are settled by delivering or receiving a fixed number of its own equity instruments and receiving or delivering a fixed amount of cash. Any consideration paid for premium paid for a purchased option relating to own equity instruments is deducted from equity. Changes in fair value of the equity instrument are not recognised in financial instruments.

Performance incentives
The group recognises a liability and expense for performance incentives which include a component based on formulae which take into consideration the profit for the year and other operational targets.

Significant accounting estimates
Share-based payments actuarially determined
The costs of the share-based payments are determined actuarially. The actuarial valuations involve making assumptions regarding various factors (as detailed in note 27). Due to the long-term nature of these liabilities such estimates are subject to uncertainty.

29. Treasury share transactions

	Group		Company	
R'm	2021	2020	2021	2020
5 567 658 (2020: 5 631 695) ordinary shares in Mr Price Group Limited held by staff share trusts	(593)	(281)		
- Balance at beginning of the year	(281)	(235)		
- Share-based equity reserve hedge cost	(156)	-		
- Treasury shares acquired	-	(65)		
- Share buy back	(165)	-		
- Treasury shares sold	10	19		
- Mr Price Group Employees Share Investment Trust	(1)	-		
Deficit on treasury share transactions	(1 608)	(1 600)	(272)	(272)
- Balance at beginning of the year	(1 600)	(1 584)	(272)	(272)
- Current year movement arising from the take-up of vested options	(8)	(16)	-	-
Taxation relating to grants to share trusts	349	347	349	347
- Balance at beginning of the year	347	345	347	345
- Current year movement	2	2	2	2
Grants by company to staff share trusts			(2 618)	(2 297)
- Balance at beginning of the year			(2 297)	(2 277)
- Grants made during the year			(321)	(20)
	(1 852)	(1 534)	(2 541)	(2 222)

* less than R1 million

Shares in Mr Price Group Limited held by the staff share trusts are classified as treasury shares and are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised as equity. Voting rights related to these shares are restricted for the company only on resolutions applicable to the share trusts. Share options exercised during the reporting period are settled with treasury shares.

No treasury shares were acquired by the staff share trusts during the 2021 financial year. 86 301 treasury shares were sold by the staff share trusts at an average of R119.25. 1 306 521 shares were acquired through a share buy back during the current year at an average price of R126.50

30. Foreign currency translation reserve

	Group	
R'm	2021	2020
Beginning of the year	(142)	(132)
Currency translation adjustments for the year	(62)	(10)
End of the year	(204)	(142)

The foreign currency translation reserve comprises the cumulative translation adjustments arising on the consolidation of the foreign subsidiaries in Botswana, Nigeria, Ghana, Zambia, Australia, Kenya and Poland.

Accounting policy

Functional and presentation currency

Items included in the financial statements of the group's foreign consolidated entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The consolidated annual financial statements are presented in Rands, which is the group's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

The results and position of consolidated entities that have a functional currency that differs from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income statement items are translated at the average rate for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of other comprehensive income. Financial assets are reviewed annually for any evidence of impairment and any impairment loss is recognised immediately in the income statement.

Group Composition

31. Consolidated entities

	Company	
R'm	**2021**	2020
Carrying value of shares	**38**	25
Ordinary shares at cost	**38**	25
Carrying value of long-term loans	**118**	118
Long-term loans	**118**	118
Impairment provisions	**-**	-
The loans are granted to consolidated entities to fund working capital requirements and stock purchases. The loans are unsecured, bear interest at rates of up to 15.0% per annum and have no fixed dates of repayment.		
	156	143
Net current amounts owing by consolidated entities	**253**	288
Current amounts owing by consolidated entities	**763**	839
Impairment of current amounts owing by consolidated entities	**(472)**	(483)
Current amounts owing to consolidated entities	**(38)**	(68)
Current accounts are interest free and are settled within 12 months, with the exception of loans to Mr Price Retail Kenya Limited (5.18%)		
	409	431

An analysis of the financial interest in consolidated entities is disclosed in note 32.

Accounting policy
Consolidated entity balances are initially recognised at the fair value of the consideration received, and are subsequently measured at amortised cost using the effective interest rate method. Current amounts owing are settled on 30 day terms.

Consolidated entities (which include special purpose entities such as staff share trusts) are defined as entities over which the group has the power to govern the financial and operating policies of the entity so as to gain benefit from its activities. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The group's voting rights and potential voting rights.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary . Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

32. Operating subsidiaries

		Issued capital		Carrying value of shares		Net indebtedness	
	Notes	**2021 Shares**	2020 Shares	**2021 R'm**	2020 R'm	**2021 R'm**	2020 R'm
MRP Botswana (Pty) Limited	1	**100**	100	**-**	-	**52**	86
Mr Price (Lesotho) (Pty) Limited	2	**1 000**	1 000	**-**	-	**13**	14
Mr Price Group (Namibia) (Pty) Limited	3	**100**	100	**-**	-	**28**	35
Mr Price Chain Stores International Limited (Nigeria)	4	**500 000**	500 000	**2**	2	**-***	2
Mr Price Chain Stores International Limited (Ghana)	5	**480 000**	480 000	**2**	2	**9**	12
MRP Zambia Limited	6	**5 000**	5 000	**-**	-	**57**	35
Millews Fashions (Johannesburg) (Pty) Limited	7	**28 000**	28 000	**-**	-	**6**	-
Associated Credit Specialists (Pty) Limited	8	**100**	100	**-**	-	**1**	1
MRP Mobile (Pty) Limited	9	**100**	100	**-**	-	**100**	105
MRP Retail Australia (Pty) Limited	10	**100**	100	**-**	-	**-**	-
MRP Retail Kenya Limited	11	**100 000**	100 000	**-**	-	**72**	87
MRP Retail Poland Sp. z o.o	12	**100**	100	**-**	-	**-**	-
Enterprise Stores (Pty) Limited (Swaziland)	13	**6 364**	-	**13**	-	**5**	-
Otto Bros Lesotho Holdings (Pty) Limited	14	**1 000**	-	**-***	-	**6**	-
MRP Foundation NPC		**-**	-	**-**	-		-
Share Trusts							
Mr Price Group Staff Share Trust and Share Purchase Scheme						**-**	-
Mr Price Group Employees Share Investment Trust						**-**	-
Mr Price Executive Director Share Trust						**4**	3
Mr Price Executive Share Trust						**3**	2
Mr Price Senior Management Share Trust						**3**	6
Mr Price General Staff Share Trust						**10**	18
Mr Price Partners Share Trust						**-**	-
Dormant subsidiaries							
Hughes Extension 17 Township (Pty) Limited		**100**	100	**-**	-	**-**	-
Total				**17**	4	**369**	406

Notes:
1. Operates as Mr Price, Mr Price Home, Miladys, Sheet Street and Sport stores in Botswana.
2. Operates as Mr Price, Mr Price Home, Miladys and Sheet Street stores in Lesotho.
3. Operates as Mr Price, Mr Price Home, Miladys, Sheet Street and Mr Price Sport stores in Namibia.
4. Operates as Mr Price store in Nigeria. The store has ceased trading.
5. Operates as Mr Price stores in Ghana.
6. Operates as Mr Price, Mr Price Home and Sheet Street stores in Zambia.
7. Develops and leases premises to group operations.
8. Recovers overdue debts from credit customers.
9. Operates as a cellular MVNO (mobile virtual network operator) only in South Africa and is a 100% held subsidiary of the Company.
10. Operates as Mr Price and Mr Price Home stores in Australia. Company is in liquidation.
11. Operates as Mr Price and Mr Price Home stores in Kenya.
12. Operates as Mr Price Home store in Poland. The store ceased trading in December 2019. The company will remain dormant.
13. Operates Power Fashion Stores in Swaziland.
14. Operates Power Fashion Stores in Lesotho.

The Company owns 100% of the equity and preference share capital (where applicable) of all other subsidiaries and cell captives.

*less than R1 million

33. Business combinations

Effective 1 April 2021, the group acquired the business assets of value retailer, Power Fashion South Africa, including 100% of the issued share capital in Enterprise Stores Proprietary Limited and Otto Bros Lesotho Holdings Proprietary Limited for a combined consideration of R1 538m. Power Fashion has 174 stores across Southern Africa and its differentiated business model gives the group access to a wider customer base and the opportunity to significantly scale further. The acquisition was approved by the relevant regulatory authorities on 17 March 2021.

The group has measured the identifiable assets and liabilities of Power Fashion at their acquisition date fair values.

The provisional at-acquisition values are presented below.

	Power Fashion Total
R'm	2021
Assets	
Property, plant and equipment	159
Intangible assets	24
Right-of-use assets	580
Long-term receivable	19
Deferred taxation assets	20
Trade and other receivables	9
Inventories	257
Cash and cash equivalents	27
Taxation	2
Liabilities	
Long-term lease liability	(580)
Provisions	(31)
Trade and other payables	(146)
Long-term liability	(4)
Total identified net assets at fair value	336
Goodwill attributable to acquisition	1 202
Total consideration	(1 538)
Cash on hand at date of acquisition	27
Net cash outflow/(inflow) on acquisition	(1 511)

* less than R1 million

The initial accounting for the business combination is incomplete due to the timing of the effective date of the transaction being three days before year end. The fair values are pending the finalisation of the intangible asset valuation and the final purchase price. There is no contingent consideration as the full purchase price has been paid, however the final purchase price could decrease by any claims made up to one year after the closing date of 31 March 2021. A full evaluation of all possible intangibles assets is being conducted in terms of IFRS 3. The goodwill arising from the acquisition is attributable to the value of expected future growth opportunities of a business with a proven track record of cash-generating stores.

Disclosure of the revenue and profit or loss of Power Fashion for the current reporting period since acquisition and revenue and profit or loss of the combined entity for the current reporting period as though the acquisition had occurred at the beginning of the reporting period is impracticable. This is as a result of the timing of the transaction becoming effective three days before year end. Power Fashion has a different financial year end to the group, with reporting based on a calendar month compared to the group following a retail calendar. The basis for preparation for Power Fashion's financial statements complied with IFRS for SMEs compared to the group on full IFRS. As a result, it is not practical to adjust the numbers to comply with IFRS and to adjust for the difference between calendar and retail month, as well as the different financial year end reporting periods.

Accounting policy
The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. In the company financial statements investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment.

34. Related parties

34.1 Related party transactions
Related party transactions constitute the transfer of resources, services or obligations between the group and a party related to the group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the group's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

34.2 Directors
Refer to note 35 for directors' emoluments.

34.3 Compensation of key management personnel

	Group		Company	
R'm	2021	2020	2021	2020
Short-term employee benefits	73	100	73	100
Post employment pension benefits	6	13	6	13
Share-based payments	16	23	16	23
	95	136	95	136

The above compensation includes amounts paid to executive senior management personnel and excludes amounts paid to directors as disclosed in the remuneration report.

34.4 Transactions with related parties
The following transactions were entered into with individuals, who meet the definition of close family members to key management personnel, or entities over which such individuals are deemed to have a controlling influence:

Related Party - BVPG, firm of attorneys of which Mr K Getz, a non-executive Director, is a partner.
Legal fees of R0.152m (2020: R0.006m)

34.5 Participants in staff share trusts
Refer to notes 27 and 28 in respect of transactions with participants in the staff share trusts.

34.6 Transactions with related parties
Refer to note 22 in respect of transactions with post retirement benefit funds.

During the year the group enters into various transactions, in the ordinary course of business, with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. These transactions occurred under terms that are no more or less favourable than those arranged with third parties.

34. Related parties (continued)

34.6 Transactions with related parties

	Company	
R'm	**2021**	2020
Sales	**854**	869
Administration fees received from:	**150**	129
Mr Price Group (Namibia) (Pty) Ltd	**33**	23
MRP Botswana (Pty) Ltd	**103**	86
Mr Price (Lesotho) (Pty) Ltd	**11**	9
MRP Zambia Limited	**-**	-
MRP Retail Kenya Limited	**3**	11
Dividends received by:	**22**	26
Mr Price Executive Director Share Trust	**-***	1
Mr Price Executive Share Trust	**1**	1
Mr Price Senior Management Share Trust	**-***	-
Mr Price General Staff Share Trust	**-***	-
Mr Price Partners Share Trust	**1**	4
Millews Fashions (Johannesburg) (Pty) Ltd	**-**	-
Associated Credit Specialists (Pty) Ltd	**20**	20

Refer to note 31 for the amounts owing to and by consolidated entities.

* less than R1 million

35. Directors' emoluments

The emoluments received by the Directors from the company were:

R'm	Basic salary	Retirement fund contribution	Other benefits	**TGP**	Short-term incentives	Long-term incentives	**Total 2021**	Total 2020
MM Blair	5	1	2	**8**	11	-*	**19**	14
SA Ellis	2	-*	1	**3**	2	-*	**5**	4
MJ Stirton	3	1	-*	**4**	6	-*	**10**	6
Total	10	2	3	**15**	19	-*	**34**	24

* less than R1 million

The emoluments received by the non-executive directors from the company were:

	Company	
Rand	**2021**	2020
SB Cohen	**747 478**	786 819
NG Payne	**1 494 956**	1 573 638
MR Johnston	**239 383**	650 953
M Bowman	**768 551**	796 402
M Chauke	**507 740**	534 463
K Getz	**620 117**	652 755
M Motanyane-Welch	**466 447**	490 997
D Naidoo	**842 849**	887 209
BJ Niehaus	**472 086**	774 409
LA Swartz	**253 693**	-
JA Canny	**33 301**	-
Total	**6 446 601**	7 147 645

36. Subsequent events

In March 2021, the group entered into an agreement to purchase 100% of the issued share capital of the group of companies comprising the Yuppiechef business, a privately-owned South African omni-channel retail business primarily focused on kitchenware. The transaction is subject to the fulfilment of both regulatory and commercial suspensive conditions which includes competition authority approval. Submission to the competition commission was in April 2021. The transaction is expected to close in June, with effective control from 1 July 2021.

Refer to note 24. During May 2021, shortly before the case relating to the disallowance of an income tax deduction claimed in the 2014 year of assessment was due to be heard in the tax court, SARS reconsidered the matter and allowed the company's appeal in full based on certain procedural issues.

Other than the above, no event, material to the understanding of this report, has occurred between the financial year end and the date of this report.

Going concern

In light of the uncertainty and significant economic impact presented by COVID-19, the directors and management anticipate a difficult trading environment for the remainder of FY2022 and beyond. Due to the uncertainty, the impact of COVID-19 cannot be fully estimated however the directors and management have considered a wide range of factors to satisfy themselves that the going concern basis of preparation of financial statements is appropriate.

mr price group limited